



BE SEMICONDUCTOR INDUSTRIES N.V.

DUIVEN, THE NETHERLANDS

**UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED JUNE 30, 2020**

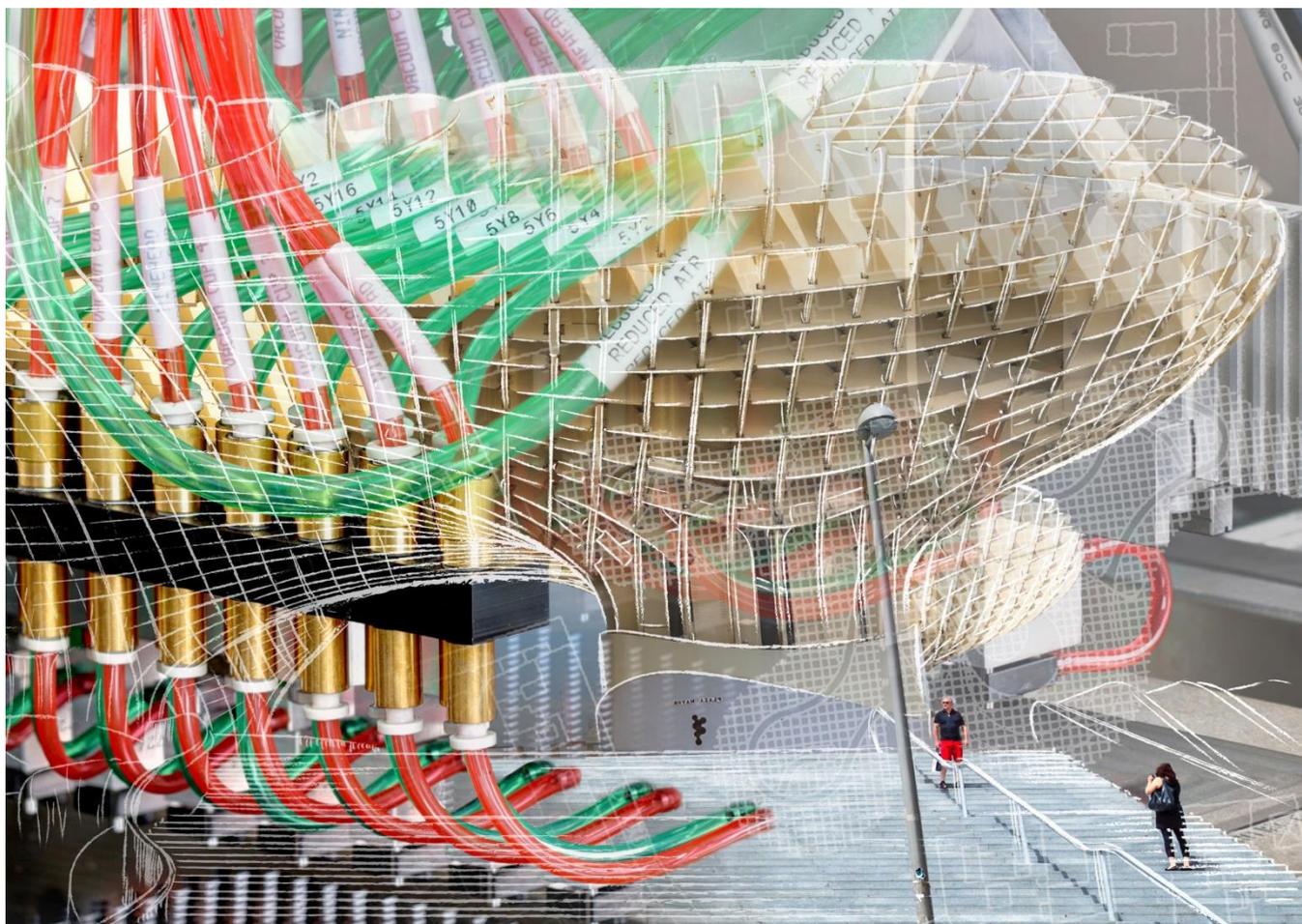
Content Unaudited Condensed Interim Consolidated Financial Statements June 30, 2020

Content	2
Condensed Interim Consolidated Financial Statements Six Months Ended June 30, 2020	
Report of the Board of Management	4
Condensed Interim Consolidated Statement of Financial Position	7
Condensed Interim Consolidated Statement of Comprehensive Income	8
Condensed Interim Consolidated Statement of Changes in Equity	9
Condensed Interim Consolidated Statement of Cash Flows	10
Notes to the Condensed Interim Consolidated Financial Statements	11

Caution Concerning Forward Looking Statements

This report contains statements about management's future expectations, plans and prospects of our business that constitute forward-looking statements, which are found in various places throughout the report, including, but not limited to, statements relating to expectations of orders, net sales, product shipments, expenses, timing of purchases of assembly equipment by customers, gross margins, operating results and capital expenditures. The use of words such as "anticipate", "estimate", "expect", "can", "intend", "believes", "may", "plan", "predict", "project", "forecast", "will", "would", and similar expressions are intended to identify forward looking statements, although not all forward looking statements contain these identifying words. The financial guidance set forth under the heading "Outlook" contains such forward looking statements. While these forward looking statements represent our judgments and expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from those contained in forward looking statements, including any inability to maintain continued demand for our products; failure of anticipated orders to materialize or postponement or cancellation of orders, generally without charges; the volatility in the demand for semiconductors and our products and services; the extent and duration of the COVID-19 pandemic and measures taken to contain the outbreak, and the associated adverse impacts on the global economy, financial markets, and our operations as well as those of our customers and suppliers; failure to develop new and enhanced products and introduce them at competitive price levels; failure to adequately decrease costs and expenses as revenues decline; loss of significant customers, including through industry consolidation or the emergence of industry alliances; lengthening of the sales cycle; acts of terrorism and violence; disruption or failure of our information technology systems; inability to forecast demand and inventory levels for our products; the integrity of product pricing and protection of our intellectual property in foreign jurisdictions; risks, such as changes in trade regulations, currency fluctuations, political instability and war, associated with substantial foreign customers, suppliers and foreign manufacturing operations, particularly to the extent occurring in the Asia Pacific region; potential instability in foreign capital markets; the risk of failure to successfully manage our diverse operations; any inability to attract and retain skilled personnel; those additional risk factors set forth in Besi's annual report for the year ended December 31, 2019 and other key factors that could adversely affect our businesses and financial performance contained in our filings and reports, including our statutory consolidated statements. We expressly disclaim any obligation to update or alter our forward-looking statements whether as a result of new information, future events or otherwise.

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, manufacturing, marketing, sales and service of semiconductor assembly equipment for the global semiconductor and electronics industries. We are a global company with headquarters at Ratio 6, 6921 RW Duiven, the Netherlands. We operate seven facilities in Asia and Europe for production and development activities as well as eight sales and service offices across Europe, Asia and North America.

The interim financial report for the six months ended June 30, 2020 consists of the condensed interim consolidated financial statements, the management report and responsibility statement by the Company’s Board of Management. The information in this interim 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

Besi reported strong first half year results in an improving industry environment. Revenue and net income for H1-20 were € 215.6 million and € 53.7 million, respectively, increases of 23.8% and 89.1%, versus H1-19. Besi exceeded the high end of revenue guidance for Q2-20 as we resumed full operations globally, despite the COVID-19 pandemic, achieved higher than anticipated shipments for mobile applications and benefited from increased demand by Chinese subcontractors for mobile and other electronics applications, continuing a trend starting in H2-19.

Profitability and efficiency also increased significantly for the first half year. Gross and operating margins in H1-20 increased to 59.7% and 31.2%, respectively, increases of 3.8 and 8.3 points, respectively, versus the comparable period of the prior year. Besi's solid financial performance primarily reflected improved industry conditions, our strong advanced packaging market position and a favorable product mix. On the operational front, it reflected strategic execution in a difficult production environment, labor efficiencies associated with a 5.2% decrease in year over year fixed headcount levels and lower travel, service and other overhead costs associated with the shift to a work at home environment.

Orders for the first half year were € 219.9 million, an increase of 32.5% versus H1-19 as industry overcapacity lessened and mobile customers increased demand in anticipation of new handset introductions later this year with advanced features and functionality. To a lesser extent, orders also benefited from continued demand growth for high end logic applications such as cloud infrastructure, artificial intelligence and high-performance computing as we move more rapidly into the digital society. Automotive end market demand remained at depressed levels as customers react to the economic fall-out from the pandemic.

Besi ended the first half year with a strong balance sheet and continues to return excess capital to shareholders. At June 30, 2020, cash and deposits totaled € 366.6 million after the payment of € 79.7 million in the form of cash dividends and share repurchases. Net cash and deposits amount € 93.6 million at June 30, 2020. Given continued strong profitability and cash flow generation this year, Besi will extend its current share buyback program until October 30, 2021 and increase its size by € 50 million to € 125 million.

Looking ahead, we estimate that Q3-20 revenue will decrease by approximately 10-25% due to typical seasonal influences, lower demand for mobile applications post the H1-20 build and customer caution as to the development of the COVID-19 pandemic. Gross margin is estimated to range between 58-60% based on the forecasted product mix. Operating expenses are expected to decrease by 10-15% versus Q2-20 as we carefully control costs in an uncertain environment. We are cautiously optimistic about Besi's prospects for the remainder of 2020 given better than anticipated first half results and Q3-20 guidance. We temper this optimism, however, given the current unpredictable course, recurrence and severity of the pandemic and its implications for semiconductor demand.

Longer-term, we are encouraged about Besi's prospects in the next investment cycle given our strong performance in a difficult environment and by strong secular growth drivers for our business. Further, we have a leading position in advanced packaging which is an important enabler of the digital society and the new applications to be generated along with it.

COVID-19

In the first quarter of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization in. Besi has not seen significant impact on its operations and business environment to date.

The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the business. The scale and duration of these developments remain uncertain as at the date of this report however they might have an impact on our earnings, cash flow and financial condition. It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, the Company does not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Company at this time.

Risks and uncertainties

In our Annual Report 2019, 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 2020 are in line with the risks that Besi presented in its Annual Report 2019.

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, 2020 order backlog and feedback from customers, Besi forecasts for Q3-20 that:

- Revenue will decrease by approximately 10-25% vs. the € 124.3 million reported in Q2-20.
- Gross margin will range between 58-60%.
- Operating expenses will decrease by 10-15% vs. the € 28.6 million reported in Q2-20.

Duiven, July 28, 2020

Richard W. Blickman
President & CEO

Condensed Interim Consolidated Statement of Financial Position

<i>(euro in thousands)</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Assets		
Cash and cash equivalents	251,621	278,398
Deposits	115,000	130,000
Trade receivables	117,158	81,420
Inventories	52,122	46,578
Income tax receivable	797	1,114
Other receivables	8,135	9,132
Prepayments	3,836	3,608
Total current assets	548,669	550,250
Property, plant and equipment	27,142	30,383
Right of use assets	9,678	11,132
Goodwill	45,262	45,289
Other intangible assets	46,101	42,593
Deferred tax assets	13,225	14,978
Other non-current assets	1,094	2,255
Total non-current assets	142,502	146,630
Total assets	691,171	696,880
Liabilities and equity		
Notes payable to banks	-	476
Current portion of long-term debt	91	515
Trade payables	45,939	30,278
Income tax payable	4,553	7,612
Provisions	3,558	2,868
Other payables	27,505	28,282
Other current liabilities	15,766	16,597
Total current liabilities	97,412	86,628
Long-term debt	272,932	277,067
Lease liabilities	6,438	7,859
Deferred tax liabilities	8,480	8,858
Provisions	17,140	16,890
Other non-current liabilities	1,088	1,070
Total non-current liabilities	306,078	311,744
Share capital	800	800
Share premium	168,169	159,672
Retained earnings	53,840	77,417
Other reserves	64,872	60,619
Total equity	287,681	298,508
Total liabilities and equity	691,171	696,880

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,	
	2020 (unaudited)	2019 (unaudited)
Revenue	215,606	174,107
Cost of sales	86,873	76,733
Gross profit	128,733	97,374
Selling, general and administrative expenses	43,658	39,184
Research and development expenses	17,859	18,321
Total operating expenses	61,517	57,505
Operating income	67,216	39,869
Financial income	34	129
Financial expense	(5,337)	(7,268)
Financial income (expense), net	(5,303)	(7,139)
Income before income taxes	61,913	32,730
Income tax expense	8,240	4,319
Net income	53,673	28,411
<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	512	1,465
Actuarial gain (loss) net of income tax	250	887
Unrealized hedging results	(273)	572
Other comprehensive income (loss) for the period, net of income tax	489	2,924
Total comprehensive income	54,162	31,335
Net Income per share		
Basic	0.74	0.39
Diluted ¹	0.69	0.38
Weighted average number of shares used to compute income per share		
Basic	72,352,859	73,142,645
Diluted	82,631,951	83,568,974

¹ The calculation of the diluted income per share for the six months ended June 30, 2020 and 2019 assumes the exercise of the equity-settled share-based payments. The calculation also assumes the conversion of the Company's Convertible Notes due 2023 and 2024 respectively as such conversion would have a dilutive effect.

Condensed Interim Consolidated Statement of Changes in Equity

<i>(euro in thousands, except share data)</i>	Number of Ordinary Shares outstanding ¹	Share capital	Share premium	Retained earnings	Other reserves	Total equity
Balance at January 1, 2020	80,067,842	800	159,672	77,417	60,619	298,508
Currency translation differences	-	-	-	-	512	512
Actuarial gain (loss)	-	-	-	-	250	250
Unrealized hedging results	-	-	-	-	(273)	(273)
Other comprehensive income	-	-	-	-	489	489
Net income	-	-	-	53,673	-	53,673
Total comprehensive income for the period	-	-	-	53,673	489	54,162
Dividends paid to owners of the Company	-	-	-	(73,486)	-	(73,486)
Convertible bond converted into equity	-	-	6,662	-	-	6,662
Legal reserve	-	-	-	(3,764)	3,764	-
Equity-settled share-based payments	-	-	8,033	-	-	8,033
Purchase of treasury shares	-	-	(6,198)	-	-	(6,198)
Balance at June 30, 2020 (unaudited)	80,067,842	800	168,169	53,840	64,872	287,681
Balance at January 1, 2019	80,067,842	800	197,280	125,859	48,249	372,188
Currency translation differences	-	-	-	-	1,465	1,465
Actuarial gain (loss)	-	-	-	-	887	887
Unrealized hedging results	-	-	-	-	572	572
Other comprehensive income	-	-	-	-	2,924	2,924
Net income	-	-	-	28,411	-	28,411
Total comprehensive income for the period	-	-	-	28,411	2,924	31,335
Dividends paid to owners of the Company	-	-	-	(122,419)	-	(122,419)
Legal reserve	-	-	-	(1,366)	1,366	-
Equity-settled share-based payments	-	-	5,341	-	-	5,341
Purchase of treasury shares	-	-	(25,520)	-	-	(25,520)
Balance at June 30, 2019 (unaudited)	80,067,842	800	177,101	30,485	52,539	260,925

¹ The outstanding number of Ordinary Shares includes 7,321,713 and 7,855,420 treasury shares at June 30, 2020 and at January 1, 2020, respectively, and 7,165,678 and 6,498,231 at June 30, 2019 and January 1, 2019, respectively.

Condensed Interim Consolidated Statement of Cash Flows

<i>(euro in thousands)</i>	For the six months ended June 30,	
	2020 (unaudited)	2019 (unaudited)
<i>Cash flows from operating activities</i>		
Income before income tax	61,913	32,730
<i>Adjustments to reconcile income before income tax to net cash flows</i>		
Depreciation, amortization and impairment	9,848	9,773
Share-based payment expense	8,033	5,341
Financial expense, net	5,303	7,139
<i>Effects on changes in assets and liabilities</i>		
Decrease (increase) in trade receivables	(35,742)	14,103
Decrease (increase) in inventories	(6,324)	385
Increase (decrease) in trade payables	16,541	(1,002)
Changes in provisions	1,154	493
Changes in other working capital	(372)	(6,363)
	60,354	62,599
Income tax paid	(8,753)	(15,107)
Interest received	34	-
Interest paid	(2,214)	(2,434)
Net cash provided by operating activities	49,421	45,058
<i>Cash flows from investing activities</i>		
Capital expenditures	(1,350)	(863)
Capitalized development expenses	(7,982)	(5,913)
Repayment of deposits	50,000	50,000
Investment in deposits	(35,000)	-
Net cash provided by investing activities	5,668	43,224
<i>Cash flows from financing activities</i>		
Proceeds from (payments of) bank lines of credit	(434)	(2,812)
Proceeds from debts	(416)	11
Payments of lease liabilities	(1,769)	(1,781)
Dividend paid to shareholders	(73,486)	(122,419)
Purchase treasury shares	(6,198)	(25,520)
Net cash used in financing activities	(82,303)	(152,521)
Net change in cash and cash equivalents	(27,214)	(64,239)
Effect of changes in exchange rates on cash and cash equivalents	437	429
Cash and cash equivalents at beginning of the period	278,398	295,539
Cash and cash equivalents at end of the period	251,621	231,729

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, number at Chamber of Commerce is 09092395.

2. Basis of preparation and changes to the Company’s accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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 consolidated financial statements as at December 31, 2019.

2.2 Segment information

Operating segments

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). These Product Groups are Die Attach, Packaging and Plating. The chief operating decision maker reviews each Product Group in detail and all operational functions are allocated to these Product Groups: 1) Product Marketing, 2) Research and Development, 3) Product Group management, 4) Customer Project management and 5) Operations. Corporate functions (Finance, Legal, Human Resources and Sales & Service) do not qualify as operating segments. Hence, Besi identifies three operating segments which meet the IFRS 8 criteria.

Reportable segment

IFRS 8 allows for operating segments to be aggregated into reportable segments if the operating segments share similar economic characteristics. The Company deems the three operating segments to meet the aggregation criteria, as the nature of the products and services, production processes, classes of customer and methods used to distribute the products and provide services and gross margins are similar. Hence 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.

3. Dividend

On April 30, 2020, the Company announced a dividend payment of € 1.01 per ordinary share. The dividend was payable fully in cash. The Company paid an amount of € 73.5 million to shareholders in May 2020.

4. Share repurchase program

On July 26, 2018, Besi announced a new € 75 million share repurchase program through October 26, 2019 (the “2018 program”) which represented approximately 4.2% of shares outstanding at such date. The 2018 program was initiated for capital reduction purposes and to help offset dilution associated with Besi’s 2016 and 2017 Convertible Notes and share issuance under employee stock plans. On October 24, 2019, Besi extended the 2018 program for an additional year until October 26, 2020.

During the six months ended June 30, 2020, Besi repurchased 184,224 of its ordinary shares at an average price of € 33.58 per share for a total of € 6.2 million. Cumulatively, as of June 30, 2020, a total of 3.2 million shares have been purchased under the 2018 program at an average price of € 22.58 per share for a total of € 73.3 million. Regular repurchase activity continues in 2020.

At present, Besi has shareholder authorization to purchase up to an aggregate of 10% of its ordinary shares outstanding (approximately 8.0 million shares) until October 30, 2021.

5. Convertible bonds

In December 2016, the Company issued € 125 million principal amount of Convertible Notes with a maturity date of December 2, 2023 (the “2016 Convertible Notes”). The 2016 Convertible Notes carry a nominal interest rate of 2.5% per year, payable semi-annually. Bondholders can convert the bonds into ordinary shares at a conversion price of € 19.93 (subject to adjustments). The original exercise price of € 43.51 has been adjusted for the two for one stock split effective May 4, 2018 and dividends paid subsequent to the date of issuance of the 2016 Convertible Notes in accordance with the terms and conditions related thereto. The 2016 Convertible Notes will be repaid at maturity at a price of 100% of their principal amount plus accrued and unpaid interest. If not converted, at any time from December 23, 2020, the Company may redeem the outstanding 2016 Convertible Notes at their principal amount, subject to giving a minimum of 30 days’ and maximum of 60 days’ prior notice to Bondholders, if the value of the shares underlying the 2016 Convertible Notes equals or exceeds 130% of the then effective conversion price for at least 20 out of 30 consecutive dealing days.

During the second quarter of 2020, € 7.0 million principal amount of the 2016 Convertible Bonds were converted into 351,186 ordinary shares, issued from treasury shares. The carrying value amounted to € 6.6 million at conversion. As a result, the principal amount outstanding of the 2016 Convertible Notes declined from € 125.0 million to € 118.0 million.

6. Revenue from contracts with customers

The following table disaggregates the geographical distribution on the Company’s revenue billed to customers:

(euro in thousands)	Six months ended June 30,	
	2020	2019
China	78,130	51,195
Korea	32,811	8,994
Malaysia	20,923	18,806
Taiwan	16,655	14,705
United States	12,611	13,130
Ireland	3,564	12,930
Other Asia Pacific ¹	34,674	33,053
Europe	15,315	20,243
Rest of the World ¹	923	1,051
Total revenue	215,606	174,107

¹ Countries with revenue representing more than 5% of consolidated revenue in the six months ended June 30, 2020 or June 30, 2019 are separately reported. All other revenue is reported under “other”.

The following table disaggregates the Company’s revenue of the three different operating segments (Product Groups):

(euro in thousands)	Six months ended June 30,	
	2020	2019
Die Attach	173,909	130,369
Packaging	34,789	35,318
Plating	6,908	8,420
Total revenue	215,606	174,107

7. Financial instruments

The Company assumes that the book value of the Company’s financial instruments, which consist of cash and cash equivalents, deposits, trade receivables and accounts payable, does not significantly differ from their fair value due to the short maturity of those instruments and to the fact that interest rates are floating or approximate the rates currently available to the Company. For the valuation of the Convertible Notes reference is made to Note 18 of the Annual Report 2019.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of financial assets and financial liabilities, together with the carrying amounts in the Consolidated Statements of Financial Position, are as follows:

(euro in thousands)	June 30, 2020 (unaudited)	
	Carrying amount	Fair value
<i>Financial assets</i>		
Forward exchange contracts	219	219
Marketable securities for pension liability	556	556
Total	775	775
<i>Financial liabilities</i>		
Forward exchange contracts	79	79
Long-term debt	272,932	418,544
Total	273,011	418,623

There were no transfers between levels during the six months ended June 30, 2020 and the year ended December 31, 2019.

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. Non-recurring fair value measurements were not applicable in the reporting period.

8. Events after the balance sheet date

On July 28, 2020, Besi announced to extend the duration of its current share buyback program until October 30, 2021 and increase the total amount from € 75 million to € 125 million. The share repurchase program was initiated for capital reduction purposes and to help offset dilution related to Besi's 2016 and 2017 Convertible Notes and shares issued under employee stock plans. It will be funded using Besi's available cash resources and be effective immediately.