



PRESS RELEASE

BE Semiconductor Industries N.V. Announces Q1-20 Results

**Revenue of € 91.3 Million and Net Income of € 13.9 Million Up 12.2% and 46.3%,
Respectively, vs. Q1-19
Q1-20 Orders Up 18.0% vs. Q4-19 and 42.2% vs. Q1-19**

Duiven, the Netherlands, April 30, 2020 - BE Semiconductor Industries N.V. (the "Company" or "Besì") (Euronext Amsterdam: BESI; OTC markets: BESIY, Nasdaq International Designation), a leading manufacturer of assembly equipment for the semiconductor industry, today announced its results for the first quarter ended March 31, 2020.

Key Highlights

- Revenue of € 91.3 million, at midpoint of guidance and down 1.2% vs. Q4-19. Up 12.2% vs. Q1-19 due to higher shipments for mobile and logic applications
- Orders of € 118.6 million, up 18.0% and 42.2% vs. Q4-19 and Q1-19, respectively, due primarily to higher bookings for mobile applications
- Gross margin of 56.7% increased by 0.4 points vs. Q4-19 and 0.8 points vs. Q1-19 due to more favorable product mix. Exceeded guidance
- Net income of € 13.9 million, down € 19.8 million vs. Q4-19 due to absence of € 11.6 million tax benefit recorded in Q4-19 and higher share-based compensation (as anticipated). Up € 4.4 million (+46.3%) vs Q1-19
- Net margin decreased to 15.2% vs. 36.5% in Q4-19 (23.9% ex tax benefit) and increased vs. Q1-19 (11.6%)
- Cash and deposits increased to € 427.6 million at end of Q1-20, reflecting Besì's strong liquidity position. Net cash increased by € 18.0 million vs. Q4-19 to reach € 148.3 million

Outlook

- Q2-20 revenue expected to increase by approximately 5-25% vs. Q1-20 based on feedback from customers and suppliers and current COVID-19 regulations governing each of Besì's facilities. Gross margin range of 56-58% forecast

(€ millions, except EPS)	Q1-2020	Q4-2019	Δ	Q1-2019	Δ
Revenue	91.3	92.4	-1.2%	81.4	+12.2%
Orders	118.6	100.5	+18.0%	83.4	+42.2%
Operating Income	18.8	26.8	-29.9%	14.7	+27.9%
EBITDA	24.0	31.9	-24.8%	19.7	+21.8%
Net Income	13.9	33.7*	-58.8%	9.5	+46.3%
EPS (basic)	0.19	0.47	-59.6%	0.13	+46.2%
EPS (diluted)	0.19	0.43	-55.8%	0.13	+46.2%
Net Cash & Deposits	148.3	130.3	+13.8%	229.7	-35.4%

* Includes € 11.6 million deferred tax benefit recognized in Q4-19.

Richard W. Blickman, President and Chief Executive Officer of Besì, commented:

"Besì performed well in Q1-20 in an environment which began with a promising industry recovery and ended with great social and economic uncertainty associated with the COVID-19 pandemic. Since its outbreak, we have taken precautionary measures to protect the safety and health of our employees, customers and suppliers which is of the utmost concern. I also want to thank everyone involved for their great efforts to maintain business continuity under such difficult working conditions."



For the quarter, Besi reported revenue of € 91.3 million which was at the midpoint of guidance and roughly flat with Q4-19 despite the many production challenges presented by the pandemic as it spread globally. Revenue was up 12.2% vs. the corresponding period of last year primarily due to increased demand for mobile applications. In addition, revenue growth also reflected increased spending on logic applications for cloud infrastructure and artificial intelligence end markets, continuing a trend from 2019. Spending by Chinese customers remained healthy representing approximately 39% of Q1-20 revenue and 32% of Q1-20 orders despite the Wuhan outbreak as Besi's Leshan operations and most Chinese customers were outside of the primary quarantine zone. Of note, sequential orders grew by 18.0% versus Q4-19 and 42.2% versus Q1-19 reflecting renewed investment by high-end handset manufacturers and their respective supply chains to add capacity in anticipation of product introductions in 2020 and 2021. Automotive end market demand suffered due to stay in place, travel and other social restrictions.

Besi maintained attractive levels of profitability amidst unprecedented global economic conditions. Due to our flexible Asian supply chain, labor force and assembly capacity, we were able to shift production and final assembly sufficiently between our Malaysian, Chinese and Singapore facilities to satisfy customer demand. Besi's gross margin of 56.7% increased versus Q4-19 due to a more favorable product mix. Combined with lower than anticipated operating expense growth, net income reached € 13.9 million, an increase of 46.3% versus Q1-19. Similarly, our net margin grew to 15.2% versus 11.6% in Q1-19.

At present, Besi is operating with varying restrictions on its production capacity and supply chain activities depending on location. At the end of Q1-20, nearly 70% of Besi's employees and virtually all production was based in Asia. Besi's Malaysian operations have been deemed an essential industry and were recently permitted to resume full operation. Our Leshan, China facility has been fully functional since early March. Besi Singapore has also been classified a key economic sector and permitted to remain open, with certain restrictions, under regulations implemented on April 7, 2020 and scheduled to end on June 1, 2020. In Europe and North America, virtually all Besi personnel are working remotely with careful adherence to local regulations. Our supply chain network is based primarily in Asia and has functioned reasonably well considering the circumstances. So far, we have benefited from our dual source supplier strategy and advance purchases of components deemed critical to Besi's operations. Issues to date have related primarily to non-critical items.

We have a strong balance sheet to weather the current crisis. Besi ended the quarter with € 427.6 million in cash and deposits along with an unused line of credit aggregating € 80 million expandable to € 136 million at our option. Further, cash flow generation remains at healthy levels with net cash increasing by € 18.0 million, or 13.8%, in Q1-20 vs. Q4-19 as we carefully manage working capital and costs.

Based on feedback from customers and suppliers, we forecast that Q2-20 revenue will increase by approximately 5-25%. In addition, gross margin is expected to range between 56-58% as per the current product mix. Operating expenses are expected to decline by 10-15% vs. Q1-20 primarily due to lower share-based compensation expense. As a result, we expect Besi's H1-20 financial performance to be higher than H1-19. However, it is difficult to look beyond the first half year given the current unpredictable course, recurrence and severity of this virus in leading developed economies and its implications for semiconductor demand.



Despite near term uncertainty, we are optimistic about Besi's prospects in the next investment cycle as the world accelerates its move to the digital society. Our longer-term optimism is supported by our strong performance in the current adverse environment and by advanced packaging growth drivers including 5G network adoption, artificial intelligence and the continued build out of cloud computing infrastructure to name just a few. 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. In combination with new strategic initiatives, a highly scalable and flexible production model and ample liquidity, we are well positioned to take advantage of industry opportunities no matter which way the market moves in the quarters to come."

First Quarter Results of Operations

	Q1-2020	Q4-2019	Δ	Q1-2019	Δ
Revenue	91.3	92.4	-1.2%	81.4	+12.2%
Orders	118.6	100.5	+18.0%	83.4	+42.2%
Book to Bill Ratio	1.3	1.1	+0.2	1.0	+0.3

Q1-20 revenue of € 91.3 million decreased by 1.2% vs. Q4-19 and was at the mid-point of prior guidance. Revenue increased by 12.2% vs. Q1-19 primarily due to increased shipments for mobile and high-end logic applications.

Orders of € 118.6 million increased by 18.0% vs. Q4-19 and 42.2% vs. Q1-19 due to higher bookings for mobile applications. By customer type, subcontractor orders increased sequentially by € 29.0 million, or 68.7%, vs. Q4-19 and represented approximately 60% of total orders during the quarter. In contrast, IDM orders decreased by € 10.9 million, or 18.7%, and represented approximately 40% of total orders.

	Q1-2020	Q4-2019	Δ	Q1-2019	Δ
Gross Margin	56.7%	56.3%	+0.4	55.9%	+0.8
Operating Expenses	33.0	25.2	+31.0%	30.7	+7.5%
Financial Expense/(Income), net	2.6	3.3	-21.2%	3.9	-33.3%
EBITDA	24.0	31.9	-24.8%	19.7	+21.8%

Besi's gross margin reached 56.7% in Q1-20, an increase of 0.4 points vs. Q4-19 and 0.8 points vs. Q1-19 due primarily to a more favorable die bonding product mix. Year over year comparisons also benefited, to a lesser extent, from favorable forex influences from an increase in the USD vs. the euro.

Q1-20 operating expenses increased by € 7.8 million (+31.0%) vs. Q4-19 due primarily to (i) € 4.9 million of higher share-based compensation expense and (ii) increased development activity. Expense growth was below prior guidance (+35-+40%). As compared to Q1-19, operating expenses increased by € 2.3 million, or 7.5%, due to higher share-based compensation expense related to an increase in Besi's share price during 2019.

Financial expense, net, decreased by € 0.7 million vs. Q4-19 and by € 1.3 million vs. Q1-19 due to lower hedging costs.

	Q1-2020	Q4-2019	Δ	Q1-2019	Δ
Net Income	13.9	33.7*	-58.8%	9.5	+46.3%
Net Margin	15.2%	36.5%*	-21.3	11.6%	+3.6
Tax Rate	14.4%	-43.9%*	+58.3	12.5%	+1.9

*Excluding a € 11.6 million deferred tax benefit, Besi's Q4-19 net income, net margin and effective tax rate would have been € 22.1 million, 23.9% and 5.5%, respectively.



Besi's Q1-20 net income declined by € 19.8 million vs. Q4-19 due primarily to (i) the absence of € 11.6 million of deferred tax assets recognized in Q4-19 and (ii) € 4.9 million of higher share-based compensation expense. As compared to Q1-19, net income increased by € 4.4 million (+46.3%) due primarily to a 12.2% year over year revenue increase, increased gross margins and lower financial expense, net, partly offset by € 2.1 million higher share based compensation expense and a higher effective tax rate.

Financial Condition

	Q1-2020	Q4-2019	Δ	Q1-2019	Δ
Total Cash and Deposits	427.6	408.4	+4.7%	507.5	-15.7%
Net Cash and Deposits	148.3	130.3	+13.8%	229.7	-35.4%
Cash flow from Operations	26.6	36.3	-26.7%	47.8	-44.4%

Total cash and deposits increased to € 427.6 million in Q1-20. Besi's net cash also increased to € 148.3 million at the end of Q1-20, an increase of € 18.0 million, or 13.8%, vs. year end. During the quarter, Besi generated cash flow from operations of € 26.6 million which was used to fund (i) € 3.7 million of capitalized development spending, (ii) € 3.1 million of share repurchases and (iii) € 0.9 million of capital expenditures.

Share Repurchase Activity

Besi repurchased 93,380 of its ordinary shares during Q1-20 at an average price of € 33.61 per share for a total of € 3.1 million. Cumulatively, as of March 31, 2020, a total of 3.2 million shares have been purchased under the current € 75 million share repurchase plan at an average price of € 22.26 per share for a total of € 70.2 million. As of March 31, 2020, Besi held approximately 7.9 million shares in treasury at an average cost of € 15.27, equal to 9.9% of its shares outstanding.

Outlook

Based on its current outlook and feedback from customers and suppliers, Besi estimates for Q2-20 that:

- Revenue will increase by approximately 5-25% vs. € 91.3 million reported in Q1-20
- Gross margin will range between 56-58% vs. 56.7% realized in Q1-20
- Operating expenses will decrease by approximately 10-15% vs. € 33.0 million reported in Q1-20

Investor and media conference call

A conference call and webcast for investors and media will be held today at 4:00 pm CET (10:00 am EST). The dial-in for the conference call is (31) 20 531 5851. To access the audio webcast and webinar slides, please visit www.besi.com.

Important Dates 2020

- Besi AGM* April 30, 2020
- Publication Q2/semi-annual results July 28, 2020
- Publication Q3/nine-month results October 22, 2020
- Publication Q4/full year results February 2021

Dividend Information**

- Proposed ex-dividend date May 5, 2020
- Proposed record date May 6, 2020
- Proposed payment of 2019 dividend Starting May 8, 2020

*Virtual AGM meeting commencing at 10:30 am CET

**Subject to approval at Besi's AGM



Basis of presentation

The condensed financial statements included in this press release have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. Reference is made to the Summary of Significant Accounting Policies to the Notes to the Consolidated Financial Statements as included in our 2019 Annual Report which is available on www.besi.com.

About Besì

Besì is a leading supplier of semiconductor assembly equipment for the global semiconductor and electronics industries offering high levels of accuracy, productivity and reliability at a low cost of ownership. The Company develops leading edge assembly processes and equipment for leadframe, substrate and wafer level packaging applications in a wide range of end-user markets including electronics, mobile internet, cloud server, computing, automotive, industrial, LED and solar energy. Customers are primarily leading semiconductor manufacturers, assembly subcontractors and electronics and industrial companies. Besì's ordinary shares are listed on Euronext Amsterdam (symbol: BESI). Its Level 1 ADRs are listed on the OTC markets (symbol: BESIY Nasdaq International Designation) and its headquarters are located in Duiven, the Netherlands. For more information, please visit our website at www.besi.com.

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Caution Concerning Forward Looking Statements

This press release 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 press release, 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; 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 Besì'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.

Consolidated Statements of Operations

<i>(euro in thousands, except share and per share data)</i>	Three Months Ended	
	March 31,	
	(unaudited)	
	2020	2019
Revenue	91,339	81,399
Cost of sales	39,591	35,928
Gross profit	51,748	45,471
Selling, general and administrative expenses	23,522	21,685
Research and development expenses	9,431	9,044
Total operating expenses	32,953	30,729
Operating income	18,795	14,742
Financial expense, net	2,612	3,917
Income before taxes	16,183	10,825
Income tax expense	2,331	1,358
Net income	13,852	9,467
Net income per share – basic	0.19	0.13
Net income per share – diluted	0.19	0.13
Number of shares used in computing per share amounts:		
- basic	72,169,423	73,260,835
- diluted ¹	82,700,840	83,627,935

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

Consolidated Balance Sheets

<i>(euro in thousands)</i>	March 31, 2020 (unaudited)	December 31, 2019 (audited)
ASSETS		
Cash and cash equivalents	347,639	278,398
Deposits	80,000	130,000
Trade receivables	91,797	81,420
Inventories	46,872	46,578
Other current assets	14,598	13,854
Total current assets	580,906	550,250
Property, plant and equipment	29,067	30,383
Right of use assets	10,264	11,132
Goodwill	45,423	45,289
Other intangible assets	44,380	42,593
Deferred tax assets	14,607	14,978
Other non-current assets	1,097	2,255
Total non-current assets	144,838	146,630
Total assets	725,744	696,880
Notes payable to banks	487	476
Current portion of long-term debt	513	515
Accounts payable	34,310	30,278
Accrued liabilities	61,769	55,359
Total current liabilities	97,079	86,628
Long-term debt	278,299	277,067
Lease liabilities	7,104	7,859
Deferred tax liabilities	8,376	8,858
Other non-current liabilities	18,197	17,960
Total non-current liabilities	311,976	311,744
Total equity	316,689	298,508
Total liabilities and equity	725,744	696,880

Consolidated Cash Flow Statements

<i>(euro in thousands)</i>	Three Months Ended	
	March 31,	
	(unaudited)	
	2020	2019
Cash flows from operating activities:		
Income before income tax	16,183	10,825
Depreciation and amortization	5,175	4,922
Share based payment expense	5,844	3,711
Financial expense, net	2,612	3,917
Changes in working capital	(2,875)	25,373
Income tax paid	(106)	(928)
Interest paid	(274)	(49)
Net cash provided by operating activities	26,559	47,771
Cash flows from investing activities:		
Capital expenditures	(872)	(628)
Capitalized development expenses	(3,697)	(2,927)
Repayments of deposits	50,000	-
Net cash provided by (used in) investing activities	45,431	(3,555)
Cash flows from financing activities:		
Proceeds from (payments of) bank lines of credit	32	363
Proceeds from (payments of) debt	(11)	(11)
Payments of lease liabilities	(873)	(890)
Purchase of treasury shares	(3,145)	(12,838)
Net cash used in financing activities	(3,997)	(13,376)
Net increase (decrease) in cash and cash equivalents	67,993	30,840
Effect of changes in exchange rates on cash and cash equivalents	1,248	1,124
Cash and cash equivalents at beginning of the Period	278,398	295,539
Cash and cash equivalents at end of the period	347,639	327,503

Supplemental Information (unaudited)
(euro in millions, unless stated otherwise)

REVENUE	Q1-2019		Q2-2019		Q3-2019		Q4-2019		Q1-2020	
Per geography:										
Asia Pacific	58.6	72%	68.6	74%	67.3	75%	63.8	69%	77.6	85%
EU / USA	22.8	28%	24.1	26%	22.4	25%	28.6	31%	13.7	15%
Total	81.4	100%	92.7	100%	89.7	100%	92.4	100%	91.3	100%
ORDERS	Q1-2019		Q2-2019		Q3-2019		Q4-2019		Q1-2020	
Per geography:										
Asia Pacific	55.9	67%	61.2	74%	59.2	72%	80.4	80%	102.0	86%
EU / USA	27.5	33%	21.5	26%	23.0	28%	20.1	20%	16.6	14%
Total	83.4	100%	82.7	100%	82.2	100%	100.5	100%	118.6	100%
Per customer type:										
IDM	57.5	69%	55.4	67%	43.6	53%	58.3	58%	47.4	40%
Subcontractors	25.9	31%	27.3	33%	38.6	47%	42.2	42%	71.2	60%
Total	83.4	100%	82.7	100%	82.2	100%	100.5	100%	118.6	100%
HEADCOUNT	Mar 31, 2019		Jun 30, 2019		Sep 30, 2019		Dec 31, 2019		Mar 31, 2020	
Fixed staff (FTE)										
Asia Pacific	1,174	72%	1,155	72%	1,093	71%	1,081	70%	1,071	70%
EU / USA	452	28%	450	28%	453	29%	453	30%	458	30%
Total	1,626	100%	1,605	100%	1,546	100%	1,534	100%	1,529	100%
Temporary staff (FTE)										
Asia Pacific	11	16%	54	49%	34	39%	8	13%	42	46%
EU / USA	58	84%	57	51%	54	61%	54	87%	50	54%
Total	69	100%	111	100%	88	100%	62	100%	92	100%
Total fixed and temporary staff (FTE)	1,695		1,716		1,634		1,596		1,621	
OTHER FINANCIAL DATA	Q1-2019		Q2-2019		Q3-2019		Q4-2019		Q1-2020	
Gross profit										
As reported	45.5	55.9%	51.9	56.0%	49.4	55.1%	52.0	56.3%	51.7	56.7%
Selling, general and admin expenses:										
As reported	21.7	26.7%	17.5	18.9%	15.6	17.4%	16.7	18.1%	23.5	25.7%
Research and development expenses:										
As reported	9.0	11.1%	9.3	10.0%	8.6	9.6%	8.5	9.2%	9.4	10.3%
Capitalization of R&D charges	2.9	3.6%	3.0	3.2%	3.2	3.6%	4.1	4.4%	3.7	4.1%
Amortization of intangibles	(2.5)	-3.1%	(2.5)	-2.7%	(2.6)	-2.9%	(2.6)	-2.8%	(2.6)	-2.8%
R&D expenses as adjusted	9.4	11.5%	9.8	10.6%	9.2	10.3%	10.0	10.8%	10.5	11.5%
Financial expense (income), net:										
Interest expense (income), net	2.4		2.4		2.7		2.5		2.5	
Hedging results	1.3		0.7		0.8		0.7		0.0	
Foreign exchange effects, net	0.2		0.1		(0.2)		0.1		0.1	
Total	3.9		3.2		3.3		3.3		2.6	
Operating income (loss)										
as % of net sales	14.7	18.1%	25.1	27.1%	25.3	28.2%	26.8	29.0%	18.8	20.6%
EBITDA										
as % of net sales	19.7	24.2%	30.0	32.4%	30.2	33.7%	31.9	34.5%	24.0	26.3%
Net income (loss)										
as % of net sales	9.5	11.6%	18.9	20.4%	19.2	21.4%	33.7	36.5%	13.9	15.2%
Income per share										
Basic	0.13		0.26		0.26		0.47		0.19	
Diluted	0.13		0.25		0.25		0.43		0.19	