BE Semiconductor Industries (BESI.AS): Memory engagement advances, with cost and yield remaining key hurdles to qualification

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BESI reported 2Q26 revenues 1% below Visible Alpha Consensus Data, while operating income came in 1% above Visible Alpha Consensus, due primarily to a more favorable product mix. Quarterly reported revenues increased 69% yoy, supported by a meaningful expansion in AI infrastructure spending, alongside a modest recovery in traditional mobile and auto/industrial markets. The company received order intake of c.€293mn, representing a 9% qoq increase and exceeding Visible Alpha Consensus of €249mn, primarily driven by robust demand from photonics and data centre applications. Key takeaways include **1)** AI-related demand broadens across hybrid bonding, **2)** Memory engagement advances, with cost and yield remaining key hurdles to qualification, **3)** Wafer-level assembly applications expand beyond core AI compute, and **4)** CoWoS-related orders build as panel-level packaging adoption advances. Reiterate Buy.

- **AI-related demand broadens across hybrid bonding:** AI-related applications represented c.60% of system orders in 1H26, up from around 50% in 1H25, reflecting the growing contribution to BESI's order mix. Customer adoption of wafer-level assembly also increased from 15 customers in 2025 to 21 by the end of 2Q26, with applications broadening across logic, memory, CPO (co-packaged optics) and consumer devices. Moreover, HB (hybrid bonding) orders rose materially yoy as customers added capacity, supported by new product introductions for datacentre and consumer CPU applications, with orders received from one new hyperscaler customer. Management also highlighted the first adoption of a hybrid-bonded device in a high-end laptop, with potential longer-term applicability in premium smartphones. Elsewhere, high-end smartphone demand recovered from the cyclical lows of 2025, driven by incremental capacity purchases and product launches planned for 2026, while BESI received initial orders from multiple customers for AI power-management applications within datacentre compute modules. All in, against third-party forecasts for 53% growth in the assembly equipment market between 2025 and 2028, management expects BESI's exposure to 2.5D/3D packaging and wafer-level assembly to enable it to grow faster than the broader market.

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- **Memory engagement advances, with cost and yield remaining key hurdles to qualification:** HB adoption for HBM remains at the evaluation stage, with one of the three major memory manufacturers actively testing the technology, a second beginning evaluations and development activity continuing across all three. Management indicated that one customer is progressing faster than the others and could announce full-production status in the coming quarters, while engagement from the remaining two manufacturers is also increasing. The main qualification hurdles remain cost, yield and process accuracy, per management, with customers required to resolve material and integration issues before moving into volume production. BESI noted that qualification with its major Taiwanese logic customer took more than three years before the required cost and yield thresholds were achieved, suggesting similarly extended timelines for Korean and US memory customers. Importantly, BESI also noted potential easing of HBM thickness requirements by JEDEC does not alter the underlying thermal and performance advantages of hybrid bonding, e.g., heat dissipation, with all three major memory manufacturers continuing to prepare for eventual adoption.
- **Wafer-level assembly applications expand beyond core AI compute:** Beyond its core AI exposure, BESI continues to target growth across wafer-level assembly, CPO and chiplet-based architectures. Management highlighted CPO as an important LT application for hybrid bonding, given the need to integrate optical and compute components at increasingly high density, while chiplet designs are creating further use cases beyond traditional logic and memory packaging. The company is also expanding its supply-chain and service capabilities in line with customer adoption, while the RT Next platform continues to progress, with both revenue and customer engagement increasing versus 1H25. Together, these initiatives broaden BESI's growth exposure beyond AI accelerators alone and extend its addressable market across a wider range of advanced packaging applications, in our view.
- **CoWoS-related orders build as panel-level packaging adoption advances:** CoWoS-like applications already represented a meaningful share of BESI's 2Q26 orders, following initial demand in 4Q25 and 1Q26, with management expecting the contribution to increase further. The industry appears to be converging on a 310mm × 310mm panel format, including in Taiwan, and BESI indicated that most of its systems are already configured to accommodate this size. Panel-level CoWoS production could require a combination of flip-chip bonding, thermocompression bonding and hybrid bonding, broadening the range of BESI technologies involved in the process. Compared with conventional round wafers, square panels can also improve substrate utilisation and lower cost of ownership, while BESI continues to adapt its operating model, supply chain and service capabilities to address growth across CoWoS and photonics applications.

Changes to estimates

Our FY26-30 revenue estimates are higher by 1% to 5% reflecting constructive datapoints on a broadening of its HB customer base with strong traction from AI applications. Further, we are incrementally positive on the trajectory of BESI's mainstream business given tailwinds from AI. As such, our gross margin changes by <1pp

for 2026 to reflect product mix assumptions but our FY27-30 gross margin estimates are unchanged. We raise our EBIT estimates by 4-10% across FY26-30 reflecting our topline and opex assumptions. As a result, our EPS estimates change by around 1-9% through FY26-30E, reflecting our revised EBIT forecasts and latest share count assumptions.

Valuation and key risks

We are Buy rated on BESI with a 12-month price target of €325 (vs €318 prior) based on a 29x 2HCY27+1HCY28E (vs 33x CY27 prior) EV/EBITDA multiple applied to our higher EBITDA estimates. Our updated valuation multiple reflects a roll forward of our valuation period. Key risks to our view and price target include customer spend cyclicality, hybrid bonding adoption delays and increasing competition.

BESI.AS	12m Price Target: **€325.00**	Price: **€227.00**	Upside: **43.2%**

Buy

Market cap: €18.3bn / $20.8bn
Enterprise value: €18.4bn / $20.9bn
3m ADTV: €116.4mn / $134.4mn
Netherlands
European Semiconductors, Hardware and Gaming Tech
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (€ mn) New	**591.3**	**1,061.3**	**1,548.6**	**1,927.0**
Revenue (€ mn) Old	591.3	1,046.3	1,514.1	1,834.2
EBIT (€ mn)	173.1	463.5	749.7	983.9
EPS (€) New	**1.63**	**4.76**	**7.92**	**10.51**
EPS (€) Old	1.63	4.73	7.56	9.67
EV/sales (X)	16.8	17.3	11.7	9.2
EV/EBITDA (X)	48.1	36.2	22.7	17.1
P/E (X)	74.4	47.7	28.7	21.6
Org. sales grth (%)	–	–	–	–

	6/26	9/26E	12/26E	3/27E
EPS (€)	1.10	1.30	1.70	1.34

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 24 Jul 2026 close.

