



Organic Electronics
Next Generation Displays
Flexible Electronics
Wearables

Opto & Power Electronics

Next Generation Displays
SSL Adoption · UV-C
Renewable Energy
Power Management
E-Mobility · Connectivity

**Our technology.
Your future.**

Memory & Logic

High Performance Computing
Memory / Big Data
Sensors · Smart Devices

**Graphene &
Nanomaterials**

Flexible Electronics
Sensors · Energy Storage
High Performance Computing
Composites

Quarterly Group Statement Q1/2017

AIIXTRON

Interim consolidated financial statements for the three months ended March 31, 2017

Key Financials

(in EUR million)	Q1/2016	Q1/2017	+/- %	Q4/2016	Q1/2017	+/- %
Order intake	44.4	61.9	39	60.5	61.9	2
Order backlog (Equipment only)	67.7	87.6	29	78.1	87.6	12
Revenues	21.4	53.6	–	89.8	53.6	-40
Gross profit (incl. € 1m TFOS effect)	3.1	13.6	–	29.4	13.6	-54
%	15	25	10 pp	33	25	-8 pp
EBITDA	-11.7	-6.0	49	12.5	-6.0	–
EBIT	-14.7	-12.7	14	7.9	-12.7	–
%	-69	-24	45 pp	9	-24	-33 pp
Adjusted EBIT*	-14.7	-6.1*	59	7.9	-6.1*	–
Net result	-15.5	-13.5	13	6.4	-13.5	–
%	-72	-25	47 pp	7	-25	-32 pp
Net result per share (EUR)	-0.14	-0.12	14	0.05	-0.12	–
Free cash flow**	-20.3	33.3	–	-4.9	33.3	–

* Q1/17 EBIT adjusted by EUR 6.6m one-time TFOS write downs

** Acquisition cost adjusted; Operating CF + Investing CF + Changes in Cash Deposits

Revenues and Order Intake remain at high levels in Q1/2017 / Positive cash flow raises liquidity

Compared to the same quarter of the previous year, both order intake at EUR 61.9m (Q1/2016: EUR 44.4m) and revenues at EUR 53.6m (Q1/2016: EUR 21.4m) were significantly higher. The strong order momentum is a reflection of continuous high demand for ROY LED applications as well as high demand for flash memory and power electronics applications. The resulting strong order backlog supports a better revenue distribution throughout the year, enabling a more efficient allocation of manufacturing resources. As expected, gross margin and EBIT were influenced by low margin sales of AIX R6 from inventory and additionally by extraordinary write downs of assets totaling EUR 6.6m resulting from freezing equipment development activities for III-V-Materials for future generation logic chips (TFOS).

Key Share Data

Key Share Data	Q1/2017		Q1/2016	
	Shares	ADS*	Shares	ADS
Germany: EUR; USA: USD				
Closing Price (end of period)	3.48	3.78	4.25	4.85
Period High Price	3.80	3.90	4.25	4.85
Period Low Price	3.15	3.06	2.95	3.25
Number of shares issued (end of period)	112,804,105		112,720,355	
Market capitalization (end of period) million EUR, million USD	392.6	426.2	479.1	546.7

*Trading on NASDAQ ended on December 30, 2016. ADSs currently traded on the OTC Pink Market will be cancelled by June 19, 2017.

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Forward-Looking Statements

This document may contain forward-looking statements regarding the business, results of operations, financial condition and earnings outlook of AIXTRON. These statements may be identified by words such as “may”, “will”, “expect”, “anticipate”, “contemplate”, “intend”, “plan”, “believe”, “continue” and “estimate” and variations of such words or similar expressions. These forward-looking statements are based on our current assessments, expectations and assumptions, of which many are beyond control of AIXTRON, and are subject to risks and uncertainties. You should not place undue reliance on these forward-looking statements. Should these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of AIXTRON may materially vary from those described explicitly or implicitly in the relevant forward-looking statement. This could result from a variety of factors, such as actual customer orders received by AIXTRON, the level of demand for deposition technology in the market, the timing of final acceptance of products by customers, the condition of financial markets and access to financing for AIXTRON, general conditions in the market for deposition plants and macroeconomic conditions, cancellations, rescheduling or delays in product shipments, production capacity constraints, extended sales and qualification cycles, difficulties in the production process, the general development in the semi-conductor industry, increased competition, fluctuations in exchange rates, availability of public funding, fluctuations and/or changes in interest rates, delays in developing and marketing new products, a deterioration of the general economic situation and any other factors discussed in any reports or other announcements, in particular in the chapter Risks in the Annual Report, filed by AIXTRON. Any forward-looking statements contained in this document are based on current expectations and projections of the executive board based on information available the date hereof. AIXTRON undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise, unless expressly required to do so by law. This document is an English language translation of a document in German language. In case of discrepancies, the German language document shall prevail and shall be the valid version.

Our registered trademarks: AIXACT®, AIXTRON®, Atomic Level SolutionS®, Close Coupled Showerhead®, CRIUS®, Gas Foil Rotation®, Optacap™, OVPD®, Planetary Reactor®, PVPD®, TriJet®

Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures for the same reason.

Interim Management Report

1. Business Activity

AIXTRON's business activity is described in detail in the section „Fundamental Information about the Group“ of its 2016 Annual Report. The Annual Report is publicly available for download on the Company's website at <http://www.aixtron.com/en/investors/financial-reports/>.

2. Business Performance and Key Developments

2.1. Development of Orders

Order Development (in EUR million)	Q1/2017	Q1/2016	+/- m EUR	%
Order intake incl. Spares & Service	61.9	44.4	17.5	39
Order backlog (equipment only)	87.6	67.7	19.9	29

In Q1/2017, **order intake** at EUR 61.9m was 39% up year-on-year, mainly attributable to strong equipment demand from power electronics, specialty LED applications as well as flash memory applications. (Q1/2016: EUR 44.4m). Compared to the previous quarter, order intake was virtually stable (Q4/2016: EUR 60.5m).

2.2. Exchange Rate Development of the US Dollar

The average exchange rate used by AIXTRON to translate income and expenses denominated in US dollars in the first three months of 2017 was 1.07 USD/EUR (Q1/2016: 1.09 USD/EUR). Thus, compared to the same period of the previous year, the average US dollar exchange rate was up about 2%, with an insignificant positive effect on AIXTRON's US dollar denominated revenue and earnings in the course of the quarter. As of March 31, 2017, the US dollar was broadly stable at 1.07 USD/EUR.

2.3. Development of Revenues

Total revenues recorded during the first quarter of 2017 were EUR 53.6m compared to EUR 21.4m in the same period last year. This year-on-year growth was supported by the strong order backlog at year end and driven by demand from LED, power electronics as well as telecom/datacom and flash memory applications. As expected, Q1/2017 revenues were lower compared to the very high figure of the previous quarter (Q4/2016: EUR 89.8m).

Equipment revenues in Q1/2017 were EUR 43.5m, representing 81% of the total Q1/2017 revenues (Q1/2016: EUR 11.9m or 56%; Q4/2016: EUR 78.4m or 87%). EUR 10.1m or 19% of total revenues were generated by the sale of spares and service in Q1/2017 (Q1/2016: EUR 9.5m; Q4/2016: EUR 11.4m).

Revenues by Equipment, Spares & Service	Q1/2017		Q1/2016		+/-	
	m EUR	%	m EUR	%	m EUR	%
Equipment revenues	43.5	81	11.9	56	31.6	266
Revenues through service, spare parts, etc.	10.1	19	9.5	44	0.6	6
Total	53.6	100	21.4	100	32.2	150

81% of total revenues in Q1/2017 were generated by sales to customers in Asia (Q1/2016: 70%; Q4/2016: 68%). 8% of revenues were generated in Europe (Q1/2016: 13%; Q4/2016: 15%) with the remaining 11% in the Americas (Q1/2016: 17%; Q4/2016: 18%).

Revenues by Region	Q1/2017		Q1/2016		+/-	
	m EUR	%	m EUR	%	m EUR	%
Asia	43.5	81	15.1	70	28.4	188
Europe	4.1	8	2.7	13	1.4	52
Americas	6.0	11	3.6	17	2.4	67
Total	53.6	100	21.4	100	32.2	150

2.4. Development of Results

Cost Structure	Q1/2017		Q1/2016		+/-	
	m EUR	% Rev.	m EUR	% Rev.	m EUR	% Rev.
Cost of sales	40.0	75	18.3	85	21.7	119
Gross profit	13.6	25	3.1	15	10.5	339
Operating costs	26.4	49	17.8	83	8.4	47
Selling expenses	2.6	5	2.9	14	-0.4	-13
General and administration expenses	4.3	8	3.8	18	0.5	13
Research and development costs	19.7	37	13.3	62	6.3	47
Net other operating income and expenses	-0.2	-	-2.2	-11	-2.0	-90

The year-on-year and sequential change in Q1/2017 **cost of sales** was a reflection of the corresponding revenue levels (Q1/2016: EUR 18.3m; Q4/2016: EUR 60.5m) as well as low margin AIX R6 sales from inventory and a write down of EUR 1.0m related to the TFOS activities during Q1/2017.

Q1/2017 **gross profit** was EUR 13.6m with a **gross margin** of 25% (Q4/2016: EUR 29.4m; 33% gross margin).

Operating expenses of EUR 26.4m in Q1/2017 include one-time write downs of EUR 5.6m within Research and Development expenses related to the TFOS activities (Q1/2016: EUR 17.8m; Q4/2016: EUR 21.4m).

R&D expenses before one-time write downs were EUR 14.1m (Q1/2016: EUR 13.3m; Q4/2016: EUR 14.4m).

Key R&D Information	Q1/2017	Q1/2016	+/-
R&D expenses (in EUR million)	14.1*	13.3	6%*
R&D expenses, % of sales	26*	62	
R&D employees (period average)	253	253	
R&D employees, % of total headcount (period average)	36	35	

* before one-time write downs of EUR 5.6m

The net **other operating income** and expenses in Q1/2017 was EUR 0.2m, down from EUR 2.2m recorded in Q1/2016 and from EUR 2.7m (all net income) recorded in Q4/2016 mainly due to one-time income in both prior quarter figures.

EBITDA in the first quarter 2017 of EUR -6.0m (Q1/2016: EUR -11.7m; Q4/2016: EUR 12.5m) was a consequence of the above-mentioned effects.

EBIT adjusted by one-time write downs of EUR 6.6m was EUR -6.1m. Compared to the previous quarter, EBIT was down mainly due to above mentioned effects, including low margin sales of AIX R6 tools (Q1/2016: EUR -14.7m; Q4/2016: EUR 7.9m).

The Company's **net result** before previously mentioned one-time write downs was EUR -6.9m (Q1/2016: EUR -15.5m; Q4/2016: EUR 6.4m).

3. Financial Position and Net Assets (Highlights)

The Company did not have any **bank borrowings** as of March 31, 2017 and December 31, 2016.

3.1 Assets

Cash and cash equivalents (including cash deposits with a maturity of more than three months) were EUR 193.6m (EUR 163.0m + EUR 30.6m cash deposits) as of March 31, 2017. Compared to EUR 160.1m (EUR 120.0m + EUR 40.0m cash deposits) as of December 31, 2016, the difference of EUR 33.5m being mainly attributable to the collection of trade receivables from customers.

Consequently, **trade receivables** amounted to EUR 29.6m as of March 31, 2017, compared to EUR 60.2m as of December 31, 2016.

Inventories, including raw materials, unfinished and finished goods, decreased to EUR 49.9m as per March 31, 2017 (December 31, 2016: EUR 54.2m). This figure is a reflection of an improved inventory management and shipments of AIX R6 tools from inventory.

3.2. Equity and Liabilities

Mainly due to the net loss reported in Q1/2017, **total equity** as of March 31, 2017 decreased by EUR 13.0m to EUR 356.7m compared to EUR 369.7m as of December 31, 2016. The equity ratio was 83% as of March 31, 2017 (December 31, 2016: 85%).

Advance payments from customers increased by EUR 4.3m to EUR 30.5m as of March 31, 2017 compared to EUR 26.1m as of December 31, 2016 reflecting the order intake recorded in Q1/2017.

4. Cash Flow

The **total cash flow** excluding movements on and off deposit in Q1/2017 improved to EUR 33.6m as a result of a reduction of working capital, including the collection of receivables from customers (Q1/2016: EUR -27.2m; Q4/2016: EUR -3.6m).

5. Opportunities and Risks

A description of the Opportunities and Risks of the Company can be found in the chapter „Opportunities and Risk Report“ of the Annual Report 2016 which is publicly available for download on the Company's website at <http://www.aixtron.com/en/investors/financial-reports/>.

During the first three months of 2017, AIXTRON Management was not aware of any significant additions or changes in the risks as described in the 2016 Annual Report referred to above.

6. Outlook

The revenue development in the first three months of 2017 was supported by the order backlog at the end of 2016. The strong order intake in Q1/2017 supports Management's expectation on the development of revenues and order intake during 2017. Consequently, Management reiterates the full year 2017 guidance given in February 2017 with an order intake and revenues between EUR 180 and 210 million for fiscal year 2017.

Management continues to expect an improvement of the free cash flow in 2017 compared to 2016 and to achieve a positive EBIT for full year 2018.

Further details on the outlook can be found in the chapter „Report on Expected Developments“ of the Annual Report 2016 which is publicly available for download on the Company's website at <http://www.aixtron.com/en/investors/financial-reports/>.

Interim Financial Statements

1. Consolidated Income Statement*

*unaudited

<i>in EUR thousands</i>	Q1/2017	Q1/2016	+/-
Revenues	53,597	21,424	32,173
Cost of sales	39,981	18,307	21,674
Gross profit	13,616	3,117	10,499
Selling expenses	2,593	2,946	-353
General administration expenses	4,297	3,806	491
Research and development costs	19,668	13,340	6,328
Other operating income	474	3,836	-3,362
Other operating expenses	275	1,590	-1,315
Operating result	-12,743	-14,729	1,986
Finance income	187	123	64
Finance expense	6	0	6
Net finance income	181	123	58
Result before taxes	-12,562	-14,606	2,044
Taxes on income	924	926	-2
Profit/loss attributable to the equity holders of AIXTRON SE (after taxes)	-13,486	-15,532	2,046
Basic earnings per share (EUR)	-0.12	-0.14	0.02
Diluted earnings per share (EUR)	-0.12	-0.14	0.02

2. Consolidated Statement of other Comprehensive Income*

*unaudited

<i>in EUR thousands</i>	Q1/2017	Q1/2016	+/-
Profit or Loss	-13,486	-15,532	2,046
Currency translation adjustment	225	-5,577	5,802
Other comprehensive income	225	-5,577	5,802
Total comprehensive income attributable to equity holders of AIXTRON SE	-13,261	-21,109	7,848

3. Consolidated Balance Sheet*

*unaudited

in EUR thousands

	Mar. 31, 2017	Dec. 31, 2016
Assets		
Property, plant and equipment	68,893	74,157
Goodwill	74,481	74,563
Other intangible assets	5,170	5,426
Other non-current assets	568	544
Deferred tax assets	1,514	1,817
Total non-current assets	150,626	156,507
Inventories	49,870	54,204
Trade receivables less allowance kEUR 2,330 (2015: kEUR 2,410)	29,553	60,221
Current tax receivables	182	446
Other current assets	5,419	4,804
Cash financial assets	30,600	40,021
Cash and cash equivalents	162,982	120,031
Total current assets	278,606	279,727
Total assets	429,232	436,234
Liabilities and shareholders' equity		
Subscribed capital		
Number of shares: 111,581,783 (2015: 111,581,783)	111,657	111,657
Additional paid-in capital	373,673	373,452
Retained earnings	-139,014	-125,528
Income and expenses recognised in equity	10,385	10,160
Total shareholders' equity	356,701	369,741
Other non-current liabilities	1,920	2,008
Other non-current accruals and provisions	2,289	2,169
Total non-current liabilities	4,209	4,177
Trade payables	15,189	14,593
Advance payments from customers	30,490	26,146
Other current provisions	17,036	16,117
Other current liabilities	2,177	2,358
Current tax liabilities	3,430	3,102
Total current liabilities	68,322	62,316
Total liabilities	72,531	66,493
Total liabilities and shareholders' equity	429,232	436,234

4. Consolidated Statement of Cash Flows*

*unaudited

<i>in EUR thousands</i>	Q1/2017	Q1/2016	+/-
Cash flow from operating activities			
Net income for the period (after taxes)	-13,486	-15,532	2,046
Reconciliation between profit and cash flow from operating activities			
Expense from share-based payments	221	208	13
Depreciation and amortization expense	6,772	2,986	3,786
Net result from disposal of property, plant and equipment	-3	-1	-2
Deferred income taxes	351	526	-175
Change in			
Inventories	4,351	-3,792	8,143
Trade receivables	30,687	7,274	23,413
Other assets	-381	-1,321	940
Trade payables	592	-715	1,307
Provisions and other liabilities	1,052	-17,298	18,350
Non-current liabilities	50	-455	505
Advance payments from customers	4,391	8,737	-4,346
Cash flow from operating activities	34,597	-19,383	53,980
Cash flow from investing activities			
Cash outflow from acquisitions	0	-4,183	4,183
Capital expenditures in property, plant and equipment	-1,071	-770	-301
Capital expenditures in intangible assets	-219	-153	-66
Proceeds from disposal of fixed assets	3	1	2
Bank deposits with a maturity of more than 90 days	9,383	12,225	-2,842
Cash flow from investing activities	8,096	7,120	976
Cash flow from financing activities			
Proceeds from issue of equity shares	0	0	0
Cash flow from financing activities	0	0	0
Effect of changes in exchange rates on cash and cash equivalents	258	-2,701	2,959
Net change in cash and cash equivalents	42,951	-14,964	57,915
Cash and cash equivalents at the beginning of the period	120,031	116,305	3,726
Cash and cash equivalents at the end of the period	162,982	101,341	61,641
Interest received	146	257	-111
Income taxes paid	-370	-507	137
Income taxes received	494	79	415

5. Consolidated Statement of Changes in Equity*

*unaudited

	Subscribed capital under IFRS	Additional paid-in-capital	Income and expense recognized directly in equity		Shareholders' equity attributable to the owners of AIXTRON SE
			Currency translation	Retained Earnings/ Accumulated deficit	
					Total
Balance at January 1, 2017	111,657	373,452	10,160	-125,528	369,741
Share based payments		221			221
Net income for the period				-13,486	-13,486
Other comprehensive income			225		225
Total comprehensive income			225	-13,486	-13,261
Balance at March 31, 2017	111,657	373,673	10,385	-139,014	356,701

	Subscribed capital under IFRS	Additional paid-in-capital	Income and expense recognized directly in equity		Shareholders' equity attributable to the owners of AIXTRON SE
			Currency translation	Retained earnings/ Accumulated deficit	
					Total
Balance at January 1, 2016	111,582	372,636	12,249	-99,962	396,505
Share based payments		204			204
Net income for the period				-15,532	-15,532
Other comprehensive income			-5,577		-5,577
Total comprehensive income			-5,577	-15,532	-21,109
Balance at March 31, 2016	111,582	372,840	6,672	-115,494	375,600

Additional Disclosures

1. Accounting Policies

This consolidated interim financial report of AIXTRON SE has been prepared in accordance with International Financial Reporting Standards (IFRS) applicable for Interim Financial Reporting, IAS 34.

The accounting policies adopted in this interim financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2016.

The consolidated interim financial statements of AIXTRON SE include the following subsidiaries (collectively referred to as "AIXTRON", "the AIXTRON Group", "the Group" or "the Company"): AIXTRON, Inc., Sunnyvale, California (USA); AIXTRON Ltd., Cambridge (United Kingdom); AIXTRON Korea Co. Ltd., Hwasung (South Korea); AIXTRON China Ltd., Shanghai (PR of China); AIXTRON KK, Tokyo (Japan) and AIXTRON Taiwan Co. Ltd., Hsinchu (Taiwan).

Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures for the same reason.

2. Segment Reporting

Geographical Segments (in EUR thousands)		Asia	Europe	Americas	Group
	Q1/2017	43,486	4,095	6,016	53,597
Revenues realized with third parties	Q1/2016	15,147	2,704	3,573	21,424
	31.03.17	981	66,034	1,878	68,893
Segment assets (property, plant and equipment)	31.12.16	977	66,740	6,440	74,157

3. Stock Option Plans

As of March 31, 2017, AIXTRON's employees and Executive Board members held stock options, representing the right to receive AIXTRON common shares. The status of these options developed as follows:

AIXTRON ordinary shares	Mar 31, 2017	Exercised	Expired/Forfeited	Allocation	Dec 31, 2016
Stock options	2,244,990	0	72,800	0	2,317,790
Underlying shares	2,244,990	0	72,800	0	2,317,790

4. Employees

The total number of employees decreased from 730 on March 31, 2016 to 699 persons on March 31, 2017.

Employees by Region	2017		2016		+/-	
	Mar-31	%	Mar-31	%	abs.	%
Asia	114	16	130	18	-16	-12
Europe	452	65	470	64	-18	-4
Americas	133	19	130	18	3	2
Total	699	100	730	100	-31	-4

Employees by Function	2017		2016		+/-	
	Mar-31	%	Mar-31	%	abs.	%
Sales	56	8	61	8	-5	-8
Research and Development	253	36	253	35	0	0
Manufacturing and Service	294	42	321	44	-27	-8
Administration	83	12	84	11	-1	1
Apprentices	13	2	11	2	2	18
Total	699	100	730	100	-31	-4

5. Management

The former CEO Martin Goetzler left the Company effective February 28, 2017. AIXTRON Supervisory Board Chairman Kim Schindelbauer became interim CEO and took over Mr. Goetzler's tasks effective March 1, 2017. Professor Dr. Wolfgang Blättchen, deputy chairman of the Supervisory Board so far, was elected as chair of the Supervisory Board during Mr. Schindelbauer's work as CEO of the Company.

6. Related Party Transactions

During the reporting period, AIXTRON did not initiate or conclude any material transactions with related parties.

7. Litigation

On January 4, 2016, a U.S.-based law firm filed a complaint on behalf of a shareholder of the Company, naming AIXTRON as a defendant in a putative class action asserting claims under the Securities and Exchange Act of 1934. On December 20, 2016, the Court entered an opinion granting AIXTRON's motion to dismiss all claims asserted against it. Subsequently, the plaintiff confirmed in January 2017 that he will not pursue an appeal and the time to pursue an appeal has expired. As a result, the order dismissing the complaint is final and the case is closed.

8. Post-Balance Sheet Date Events

There were no known business events with a potentially significant effect on AIXTRON's results of operation, financial position or net assets after March 31, 2017.