



Quarterly Group Statement

Q1/2019

We are shaping the future.
With innovation and precision.

AIXTRON

FINANCIALS AT A GLANCE

Key Quarterly Financials

In EUR million	Q1 2019	Q1 2018	+/-	Q1 2019	Q4 2018	+/-
Order Intake	53.6	78.6	-32%	53.6	72.2	-26%
Order backlog (Equipment only)	125.7	114.9	9%	125.7	138.3	-9%
Revenues	68.7	62.4	10%	68.7	87.9	-22%
Gross profit	26.7	26.8	0%	26.7	39.4	-32%
%	39%	43%	-4 pp	39%	45%	-6 pp
EBIT	9.7	7.9	23%	9.7	20.8	-53%
%	14%	13%	1 pp	14%	24%	-10 pp
Net result	8.5	12.3	-31%	8.5	18.2	-53%
%	12%	20%	-8 pp	12%	21%	-9 pp
Free Cash Flow	-17.5	-22.3	n.a.	-17.5	5.7	n.a.

Key Balance Sheet Data

In EUR million	Mar 31 2019	Dec 31 2018
Inventories	80.2	73.5
Trade Receivables	34.8	40.1
Cash, cash equivalents and cash deposits	247.9	263.7
Trade Payables	15.5	27.8
Contract liabilities for advance payments	45.2	53.3
Equity	441.2	429.6
Equity Ratio	83%	80%

Key Share Data

In EUR	Q1 2019	Q1 2018
Closing Price (end of period)	7.99	15.68
Period High Price	9.93	19.27
Period Low Price	7.67	11.00
Number of shares issued (end of period)	112,927,320	112,924,730
Market capitalization (end of period), million EUR	902.5	1,770.7
Net result per share (EUR)	0.08	0.11

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BUSINESS DEVELOPMENT

Orders and Revenues in line with Forecast Gross Margin and Earnings exceed expectations

As expected, the reluctance of our customers to invest in the expansion of production capacity was reflected in the order intake for the first quarter of 2019, which at EUR 53.6m was in line with the forecast for 2019.

The continuing strong US dollar against the euro in the first quarter as well as lower product costs as a result of cost reduction measures had positive effects on revenues and gross profit resulting in a gross margin of 39%. These positive effects largely offset the margin reduction from an increased share of LED systems in sales.

Operating expenses, including R&D expenses, were EUR 17.0m in Q1/2019 compared to EUR 18.9m in Q1/2018. Net income in Q1/2018 was EUR 8.5m.

The Executive Board confirms its guidance for the full year 2019, of revenues in a range between EUR 260 million and EUR 290 million and orders between EUR 220 million and EUR 260 million. The gross margin is expected to be between 35% and 40% and EBIT between 8% and 13% of sales. Free cash flow for the full year is expected to be between EUR 15 million and EUR 25 million.

Commissioning of the Gen 2 OLED system at the customer's site

Following installation, the Gen2 OLED system is currently being commissioned in a pilot production line at our customer's site. This represents a further step towards qualification of the OVPD technology at this customer. In the coming months, the joint operation of this tool will confirm the performance of the OVPD technology and the resulting data will form the base for the customer's decision to order a production-scale OVPD system.

INTERIM MANAGEMENT REPORT

Business Activity and Strategy

AIXTRON's business activity and strategy are described in detail in the sections "Strategy" and "Business Model" of its 2018 Group Financial Report. The Report is publicly available for download on the Company's website at <http://www.aixtron.com/en/investors/publications>.

Business Performance and Key Developments

Development of Orders

Orders

(in EUR million)

	Q1 2019	Q1 2018	+/- mEUR	%
Total order intake incl. spares & services	53.6	78.6	-25.1	-32
Equipment order backlog (end of period)	125.7	114.9	10.8	9

As a result of the expected reluctance of customers to invest in capacity expansion, Q1/2019 **order intake** was, as expected, down 32% (Q1/2018: EUR 78.6m) in a year-on-year comparison and down 26% compared to the previous quarter to EUR 53.6m (Q4/2018: EUR 72.2m).

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 2019 was 1.14 USD/EUR (Q1/2018: 1.22 USD/EUR). Thus, compared to the previous year average, the US dollar was 7% stronger having a positive effect on US dollar denominated revenues and earnings in the first quarter. Compared to the previous quarter, the average US dollar exchange rate was unchanged in Q1/2019.

Development of Revenues

Total revenues recorded during the first quarter of 2019 were up 10% to EUR 68.7m compared to the same period last year (Q1/2018: EUR 62.4m). **Equipment revenues** in Q1/2019 were EUR 56.1m and accounted for 82% of the total Q1/2019 revenues (Q1/2018: EUR 50.8m; Q4/2018: EUR 76.3m).

EUR 12.5m or 18% of total revenues were generated by the sale of **spares and services** in Q1/2019, (Q1/2018: EUR 11.6m; Q4/2018: EUR 11.6m).

Revenues by Equipment, Spares & Service

(in EUR million)

	Q1 2019		Q1 2018		+/-	
	m EUR	%	m EUR	%	m EUR	%
Equipment revenues	56.1	82	50.8	81	5.3	10
Service, spare parts, etc.	12.5	18	11.6	19	0.9	8
Total	68.7	100	62.4	100	6.3	10

Revenues by Region

	Q1 2019		Q1 2018		+/-	
	m EUR	%	m EUR	%	m EUR	%
Asia	56.7	83	29.0	46	27.7	96
Europe	5.4	8	23.5	38	-18.1	-77
Americas	6.5	9	9.9	16	-3.4	-34
Total	68.7	100	62.4	100	6.3	10

Development of Results

Cost Structure

	Q1 2019		Q1 2018		+/-	
	m EUR	% Rev.	m EUR	% Rev.	m EUR	% Rev.
Cost of sales	42.0	61	35.6	57	6.4	18
Gross Profit	26.7	39	26.8	43	-0.1	0
Operating costs	17.0	25	18.9	30	-2.0	-10
Selling expenses	2.3	3	2.3	4	0.0	1
General and administration expenses	3.8	6	4.3	7	-0.5	-11
Research and development costs	12.8	19	13.7	22	-0.9	-7
Net other operating (income) and Expenses	(1.9)	-3	(1.4)	-2	0.6	41

A favourable USD/EUR exchange rate and lower product costs as a result of continuing cost reduction measures largely offset the anticipated margin effects from a higher share of LED tools included in revenues. Thus, **gross profit** in Q1/2019 was EUR 26.7m at a 39% margin (Q1/2018: EUR 26.8m, 43%; Q4/2018: EUR 39.4m, 45%).

Operating costs in Q1/2019 at EUR 17.0m were lower year-on-year and compared to the previous quarter (Q1/2018: EUR 18.9m; Q4/2018: EUR 18.6m). This was mainly due to lower project related costs.

R&D expenses in Q1/2019 were EUR 12.8m (Q1/2018: EUR 13.7m; Q4/2018: EUR 12.2m) and are thus in line with our ongoing research activities.

Key R&D Information

	Q1 2019	Q1 2018	+/-
R&D expenses (million EUR)	12.8	13.7	-7%
R&D expenses, % of sales	19	22	-3 pp

Net other operating income and expenses in Q1/2019 resulted in an income of EUR 1.9m (Q4/2018: EUR 1.3m income) mainly due R&D grants and revaluation of USD receivables.

Operating result (EBIT) was up year-on-year from the EUR 7.9m in Q1/2018 to EUR 9.7m in Q1/2019 (Q4/2018: EUR 20.8m). This positive development is mainly attributable to the previously mentioned business and cost development.

The Company's **net result** in Q1/2019 amounted to EUR 8.5m (Q1/2018: EUR 12.3m; Q4/2018: EUR 18.2m). Q1/2018 included the recognition of deferred tax assets of EUR 5.0 million. The difference to the previous quarter was mainly driven by volume and margin effects.

Financial Position and Net Assets (Highlights)

The Company did not have any **bank borrowings** as of March 31, 2019 or December 31, 2018.

Total equity as of March 31, 2019 increased to EUR 441.2m compared to EUR 429.6m as of December 31, 2018 mainly due to the period's net result. The **equity ratio** was 83% as of March 31, 2019 (80% as of December 31, 2018).

Cash and cash equivalents (including cash deposits with a maturity of more than three months) decreased by EUR 15.8m to EUR 247.9m as of March 31, 2019 compared to EUR 263.7m as of December 31, 2018. The difference reflecting lower customer prepayments and trade payables as well as higher inventories.

Property, plant and equipment increased to EUR 66.3m as of March 31, 2019 (EUR 63.1m as of December 31, 2018) mainly due to the capitalization of EUR 3.9m of leased assets in accordance with IFRS 16.

Goodwill remained stable at EUR 72.2m as per March 31, 2019 compared to EUR 71.6m as per December 31, 2018. There were no impairments in the first three months of 2019. The difference was related to exchange rate fluctuations.

Inventories, including raw materials, unfinished and finished goods, increased to EUR 80.2m as of March 31, 2019 from EUR 73.5m as of December 31, 2018, which mainly reflects the expected level of sales in subsequent quarters as well as the construction of prototypes and the procurement of items that could be affected by BREXIT.

Trade receivables amounted to EUR 34.8m as of March 31, 2019 (December 31, 2018: EUR 40.1m), which corresponds to an average DSO of 28 days (December 31, 2018: 36 days). This mainly reflects the changed business volume.

Advance payments received from customers amounted to EUR 45.2m as of March 31, 2019 compared to EUR 53.3m as of December 31, 2018, reflecting the current order backlog.

Cashflow

The **free cash flow** in Q1/2019 amounted to EUR -17.5m (Q1/2018: EUR -22.3m; Q4/2018: EUR 5.7m). The negative free cash flow in Q1/2019 was mainly due to lower customer prepayments and higher inventories.

Opportunities and Risks

AIXTRON expects the following market trends and **opportunities** in the relevant end user markets could possibly have a positive effect on future business:

Short Term

- Increasing adoption of compound semiconductor-based lasers for 3D sensor systems in mobile devices as well as sensors for infrastructure applications.
- Further increasing demand for lasers for ultra-fast optical data transmission of large volumes, such as for video streaming and Internet-of-Things (IoT) applications.
- Increasing use of LEDs and specialty LEDs (esp. red-orange-yellow, UV or IR) in displays and other applications.
- Increasing use of wide-band-gap GaN- or SiC-based components for energy-efficient communication and power management in autos, consumer electronics and mobile devices.
- Progress in the development of OLED displays that require an efficient deposition technology.

Mid- to Long-Term

- Development of new applications based on wide-band-gap materials such as high-frequency chips or system-on-chip architectures with integrated power management.
- Increased use of compound semiconductor-based sensors for autonomous driving.
- Increased development activities for high performance solar cells made of compound semiconductor.
- Development of new materials with the help of carbon nanostructures (carbon nanotubes, -wires and graphene).
- Development of alternative LED applications, such as visual-light communication technology or MicroLED displays.

A description of the Opportunities and Risks of the Company can be found in the chapters “Risk Report” and “Opportunities Report” of the Annual Report 2018 which is publicly available for download on the Company’s website at <http://www.aixtron.com/en/investors/publications>.

During the first three months of 2019, AIXTRON Management was not aware of any further significant additions or changes in the risks as described in the 2018 Annual Report referred to above.

Outlook

Based on the results for the first three months of 2019 and the internal assessment of the development of demand, the Management confirms its guidance for the fiscal year 2019 given in the annual report.

Accordingly, the Management expects a stable to slightly growing revenue development compared to 2018. As expected, orders were influenced by the previously described reluctance of customers to make investment decisions in optoelectronics and the further development for the second half of 2019 which remains difficult to anticipate. Based on the Q1/2019 results, an assessment of the order situation and the budget exchange rate of 1.20 USD/EUR, Management expects to receive orders for the current financial year in a range between EUR 220 million and EUR 260 million. This forecast includes an expected order from the OLED customer for a large-scale test facility as part of the ongoing qualification process for OVPD technology for the OLED display industry. With revenues in a range between EUR 260 million and EUR 290 million, Management expects to achieve a gross margin of between 35% and 40% and an EBIT of between 8% and 13% of revenues in 2019. Furthermore, Management anticipates a free cash flow between EUR 15 million and EUR 25 million in 2019. Expectations for 2019 fully include the results of AIXTRON’s APEVA subsidiary, including all necessary investments to continue the development of OLED activities.

Further details can be found in chapter „Expected Developments „ of the Annual Report 2018, which is publicly available for download on the Company’s website at <https://www.aixtron.com/en/investors/publications>.

INTERIM FINANCIAL STATEMENTS

Consolidated Income Statement (unaudited)

in EUR thousands	Q1 2019	Q1 2018	+/-
Revenues	68,661	62,393	6,268
Cost of sales	41,965	35,575	6,390
Gross profit	26,696	26,818	-122
Selling expenses	2,264	2,251	13
General administration expenses	3,808	4,292	-484
Research and development costs	12,785	13,726	-941
Other operating income	2,713	2,000	713
Other operating expenses	806	645	161
Operating expenses	16,950	18,914	-1,964
Operating result	9,746	7,904	1,842
Finance income	253	305	-52
Finance expense	24	2	22
Net finance income	229	303	-74
Profit before taxes	9,975	8,207	1,768
Taxes on income	1,455	-4,121	5,576
Profit for the period	8,520	12,328	-3,808
Attributable to:			
Owners of AIXTRON SE	8,605	12,328	-3,723
Non-controlling interests	-85	0	-85
Basic earnings per share (EUR)	0.08	0.11	-0.03
Diluted earnings per share (EUR)	0.08	0.11	-0.03

Consolidated Statement of other Comprehensive Income (unaudited)

in EUR thousands	Q1 2019	Q1 2018	+/-
Net profit for the period	8,520	12,328	-3,808
Currency translation	2,837	-781	3,618
Other comprehensive income/loss	2,837	-781	3,618
Total comprehensive income for the period	11,357	11,547	-190
Attributable to:			
Owners of AIXTRON SE	11,413	11,547	-134
Non-controlling interests	-56	0	-56

Consolidated Statement of Financial Position (unaudited)

in EUR thousands	Mar 31, 2019	Dec 31, 2018
Assets		
Property, plant and equipment	66,256	63,111
Goodwill	72,202	71,599
Other intangible assets	2,422	2,125
Other non-current assets	439	430
Deferred tax assets	13,040	12,832
Total non-current assets	154,359	150,097
Inventories	80,217	73,526
Trade receivables	34,839	40,137
Current tax receivables	215	905
Other current assets	15,237	10,489
Other financial assets	27,500	27,500
Cash and cash equivalents	220,380	236,207
Total current assets	378,388	388,764
Total assets	532,747	538,861
Liabilities and shareholders' equity		
Share capital	111,840	111,840
Additional paid-in capital	374,617	374,413
Accumulated losses	-53,489	-62,094
Currency translation reserve	7,234	4,426
Equity attributable to the owners of AIXTRON SE	440,202	428,585
Non-controlling interests	1,003	1,059
Total equity	441,205	429,644
Other non-current liabilities	3,037	347
Other non-current provisions	1,908	1,477
Total non-current liabilities	4,945	1,824
Trade payables	15,533	27,815
Advance payments from customers	45,215	53,314
Other current provisions	15,831	19,339
Other current liabilities	7,400	4,955
Current tax payables	2,618	1,970
Total current liabilities	86,597	107,393
Total liabilities	91,542	109,217
Total liabilities and shareholders' equity	532,747	538,861

Consolidated Statement of Cash Flows (unaudited)

in EUR thousands	Q1 2019	Q1 2018	+/-
Cash flow from operating activities			
Net profit	8,520	12,328	-3,808
Reconciliation between profit and cash flow from operating activities			
Expense from share-based payments	204	264	-60
Depreciation, amortization and impairment expense	2,354	2,225	129
Net result from disposal of property, plant and equipment	5	-344	349
Deferred income taxes	-141	-5,155	5,014
Change in			
Inventories	-6,319	-3,101	-3,218
Trade receivables	5,856	-10,702	16,558
Other assets	-3,718	-2,639	-1,079
Trade payables	-12,546	36	-12,582
Provisions and other liabilities	-605	-11,954	11,349
Non-current liabilities	3,019	-449	3,468
Advance payments from customers	-8,503	-1,567	-6,936
Cash flow from operating activities	-11,874	-21,058	9,184
Cash flow from investing activities			
Capital expenditures in property, plant and equipment	-5,129	-1,548	-3,581
Capital expenditures in intangible assets	-512	-44	-468
Proceeds from disposal of fixed assets	0	344	-344
Bank deposits with a maturity of more than 90 days	0	20,000	-20,000
Cash flow from investing activities	-5,641	18,752	-24,393
Cash flow from financing activities	0	0	0
Effect of changes in exchange rates on cash and cash equivalents	1,688	-986	2,674
Net change in cash and cash equivalents	-15,827	-3,292	-12,535
Cash and cash equivalents at the beginning of the period	236,207	226,526	9,681
Cash and cash equivalents at the end of the period	220,380	223,234	-2,854
Interest paid	-24	0	-24
Interest received	222	225	-3
Income taxes paid	-990	-2,771	1,781
Income taxes received	80	82	-2

Consolidated Statement of Changes in Equity (unaudited)

in EUR thousands	Subscribed capital under IFRS	Additional paid-in capital	Currency translation	Retained Earnings/ Accumulated deficit	Shareholders' equity attributable to the owners of AIXTRON SE	Non-controlling interests	Total
Balance January 1, 2018	111,802	372,912	1,481	-117,289	368,906	0	368,906
Share based payments		264			264		264
Net income for the year				12,328	12,328		12,328
Other comprehensive income			-781		-781		-781
Total comprehensive profit for the period			-781	12,328	11,547	0	11,547
Balance March 31, 2018	111,802	373,176	700	-104,961	380,717	0	380,717
Balance January 1, 2019	111,840	374,413	4,426	-62,094	428,585	1,059	429,644
Share based payments		204			204		204
Net profit for the year				8,605	8,605	-85	8,520
Other comprehensive income			2,808		2,808	29	2,837
Total comprehensive profit for the period			2,808	8,605	11,413	-56	11,357
Balance March 31, 2019	111,840	374,617	7,234	-53,489	440,202	1,003	441,205

ADDITIONAL DISCLOSURES

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, 2018, with the exception that IFRS 16 has been adopted for the first time at the beginning of 2019. The principal effect of the adoption of IFRS 16 is to add kEUR 3,935 to Property Plant and Equipment with an equivalent addition of kEUR 2,849 to long term liabilities and kEUR 1,086 to short term liabilities.

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"): APEVA SE, Herzogenrath (Germany), AIXTRON, Inc., Santa Clara (USA); AIXTRON Ltd., Cambridge (United Kingdom); AIXinno Ltd., Cambridge (United Kingdom); APEVA Holdings Ltd., Cambridge (United Kingdom); APEVA Co Ltd., Asan (South Korea); 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.

Segment Reporting

Geographical Segments

(in EUR thousands)

		Asia	Europe	Americas	Group
Revenues realized with third parties	Q1/2019	56,726	5,413	6,522	68,661
	Q1/2018	29,005	23,469	9,919	62,393
Segment assets (property, plant and equipment)	Mar 31, 2019	1,456	64,204	596	66,256
	Dec 31, 2018	312	62,537	262	63,111

Stock Option Plans

As of March 31, 2019, 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, 2019	Exercised	Expired/ Forfeited	Allocation	Dec 31, 2018
Stock options	1,319,550	0	18,450	0	1,338,000

Employees

The total number of employees increased from 594 on March 31, 2018 to 647 persons on March 31, 2019.

Employees by Region

	2019		2018		+/-	
	Mar 31	%	Mar 31	%	abs.	%
Asia	118	18	96	16	22	23
Europe	492	76	462	78	30	6
Americas	37	6	36	6	1	3
Total	647	100	594	100	53	9

Management

As compared to December 31, 2018, there were no changes to the composition of the Company's Executive and Supervisory Boards as of March 31, 2019.

Related Party Transactions

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

Post-Balance Sheet Date Events

There were no events of particular significance or with significant effects on AIXTRON's net assets, results of operations or financial position known to the Executive Board after the reporting date of March 31, 2019.

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 the current assessments, expectations and assumptions of the executive board of AIXTRON, of which many are beyond control of AIXTRON, based on information available at the date hereof and 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 those discussed by AIXTRON in public reports and statements, including but not limited to those reported in the chapter “Risk Report”. 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®, APEVA®, Atomic Level SolutionS®, Close Coupled Showerhead®, CRIUS®, EXP®, EPISON®, Gas Foil Rotation®, Optacap™, OVPD®, Planetary Reactor®, PVPD®, STExS®, TriJet®.

This financial report should be read in conjunction with the interim financial statements and the additional disclosures included elsewhere in this report.

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Contact for investors and analysts: invest@aixtron.com

Contact for journalists: communications@aixtron.com

AIXTRON does not routinely print or mail its financial reports. These are available on the AIXTRON website under www.aixtron.com/en/investors/publications at any time.

AIXTRON SE | Dornkaulstr. 2 | 52134 Herzogenrath | Germany