



Half-Year Group Financial Report

**H1/2019**

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**AIXTRON**

# FINANCIALS AT A GLANCE

## Key Quarterly Financials

In EUR million	H1 2019	H1 2018	+/-	Q2 2019	Q1 2019	+/-
Order Intake	98.3	154.3	-36%	44.7	53.6	-17%
Order backlog (Equipment only)	110.1	138.3	-20%	110.1	125.7	-12%
<b>Revenues</b>	<b>132.0</b>	<b>117.6</b>	<b>12%</b>	<b>63.3</b>	<b>68.7</b>	<b>-8%</b>
Gross profit	52.6	50.6	4%	25.9	26.7	-3%
%	40%	43%	-3 pp	41%	39%	2 pp
EBIT	19.1	12.0	59%	9.3	9.7	-4%
%	14%	10%	4 pp	15%	14%	1 pp
Net result	15.8	16.0	-1%	7.3	8.5	-14%
%	12%	14%	-2 pp	12%	12%	0 pp
<b>Free Cash Flow</b>	<b>-4.9</b>	<b>-12.7</b>	<b>61%</b>	<b>12.6</b>	<b>-17.5</b>	<b>172%</b>

## Key Balance Sheet Data

In EUR million	Jun 30 2019	Dec 31 2018
Inventories	81.8	73.5
Trade Receivables	28.0	40.1
Cash, cash equivalents and cash deposits	258.9	263.7
Trade Payables	11.2	27.8
Contract liabilities for advance payments	38.9	53.3
Equity	446.3	429.6
Equity Ratio	85%	80%

## Key Share Data

In EUR	H1 2019	H1 2018
Closing Price (end of period)	8.36	11.14
Period High Price	10.67	19.27
Period Low Price	7.67	10.76
Number of shares issued (end of period)	112,927,320	112,924,730
Market capitalization (end of period), million EUR	943.8	1,258.0
<b>Net result per share (EUR)</b>	<b>0.14</b>	<b>0.14</b>

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# BUSINESS DEVELOPMENT

## Key figures for the first half of the year in line with forecast

The key figures for the first half of the year are fully in line with our 2019 forecast. As expected, order intake in the first half of 2019 was lower year-on-year, especially in the optoelectronics segment. Against the backdrop of the ongoing trade dispute between the USA and China, our customers were reluctant to invest in the expansion of their production capacities.

**Order intake** in the second quarter of EUR 44.7m was in line with the 2019 guidance (H1/2019: EUR 98.3m). The **total equipment backlog** amounted to EUR 110.1 million. The market developments of an increasing use of lasers for 3D sensor technology and optical data transmission, a progressive expansion of the 5G network and an increasing use of energy-efficient power electronics remain positive and only affected for a short time by the current geopolitical tensions.

The continued strength of the US dollar against the euro led to further positive exchange rate effects on sales and gross profit. These positive effects offset the margin reduction from an increased share of LED systems in sales compared to the previous year. Due to scheduled deliveries, revenues in Q2/2019 of EUR 63.3m (H1/2019: EUR 132.0m) were around 8% lower than in the previous quarter (Q1/2019: EUR 68.7m). **Gross profit** in Q2/2019 was EUR 25.9m with a **gross margin** of 41% (Q1/2019: EUR 26.7m; 39%). **Operating costs** in Q2/2019 of EUR 16.6m were slightly below the level of the previous quarter Q1/2019 (EUR 17.0m), resulting in an **operating profit (EBIT)** of EUR 9.3m (Q1/2019: EUR 9.7m; 14%) with an EBIT margin of 15%. **Net income** amounted to EUR 7.3m (Q1/2019: EUR 8.5m).

**Free cash flow** in Q2/2019 was EUR 12.6m (Q1/2019: EUR -17.5m).

AIXTRON reported **cash and cash equivalents** (including bank deposits with a maturity of more than 90 days) of EUR 258.9m as of June 30, 2019, only slightly below the level as of December 2018, but higher than March 2019 (December 31, 2018: EUR 263.7m; March 31, 2019: EUR 247.9m).

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 around 40% (previously: between 35% and 40%) and EBIT around 13% (previously: 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.

## Operation of the Gen 2 OLED system at the customer's site

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Our Gen2 OLED system, which has been installed in a pilot production line at our customer's plant earlier this year, is being operated jointly by engineers from our customer and our subsidiary APEVA. In the coming months, the joint operation of this system is expected to confirm the efficiency of the OVPD technology. This is a further step towards the target of the qualification of OVPD technology with this customer.

# INTERIM MANAGEMENT REPORT

## Business Activity and Strategy

A detailed overview of the business activities and strategy of the AIXTRON Group AIXTRON (“the AIXTRON Group” or “the Company”) can be found in the Annual Report 2018. There were no changes in the first half of 2019.

AIXTRON’s strong R&D capability remains of important strategic significance, as it provides a competitive, leading edge technology portfolio and supports the future business development. AIXTRON is committed to investing specifically in research and development projects to retain or to expand the Company’s leading technology position in MOCVD equipment for applications such as lasers, specialty LEDs and for the production of wide-band-gap materials for power electronics. AIXTRON is also investing in the OVPD technology of its subsidiary APEVA. All R&D expenditures are monitored very closely.

For example, AIXTRON is pursuing an urgent research goal with the project “Optimized Production (MOCVD 4.0) of Compound Semiconductors for increased efficiency in energy supply” funded by the German Federal Ministry of Economics and Energy (BMWi). The aim is to increase the production capability of AIXTRON’s technology for applications in power electronics, photovoltaics, nano photonics and sensor technology. This technology targets the energy and eMobility markets. Improvements in technology and effectiveness are needed to meet the international requirements of a versatile, highly flexible key technology with frequently changing customer requirements, processes, products and material systems. This is to be achieved by industry 4.0 approaches, i.e. with networked and automated machine concepts, intelligent software, analyses at the edge of detection limits and precise process control.

Environmental protection and the responsible use of resources are also essential parts of AIXTRON’s business strategy. The Group’s engineers are working to continuously improve AIXTRON equipment both in terms of resource-saving design and environmentally friendly operation. The energy efficiency and yield of the chemicals used in the operation of the equipment is an important element in this strategy. Further information can be found in our Sustainability Report (CSR Report) 2018 on the AIXTRON website at [www.aixtron.com/en/investors/publications](http://www.aixtron.com/en/investors/publications).

# Economic Report

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## Macroeconomic developments

After a weak second half of 2018, which reflected, among other things, the trade conflicts between the US and China, the EU and other countries with all the negative consequences for the confidence of consumers, companies and financial markets, the International Monetary Fund (IMF), in its World Economic Outlook dated April 2019, expected global economic growth to stabilize in the first half of 2019. This stabilization was to be driven by the emerging and developing countries, while growth in the advanced economies was expected to slow further. While at the beginning of the year the signs were still pointing to an easing, the surprising renewed escalation of the trade conflict between the USA and China represents a considerable risk for this forecast. Thus, the IMF has again lowered its growth expectations for the full year 2019 after its January Update and now expects global economic growth of only 3.3% for 2019 (-0.4 percentage points compared with October 2018 and -0.2 percentage points compared with January 2019) after 3.6% in 2018. While growth in the advanced economies is now projected at 1.8% (2018: 2.2%) the emerging and developing countries are expected to grow by 4.4% (2018: 4.5%).

AIXTRON is much more dependent on industry specific cycles than on the general economic cycle and again therefore does not expect major impacts from the global economic environment on its business development in 2019.

## Industry developments

Lasers that can be manufactured on AIXTRON's tools have a wide range of applications in the fields of 3D sensor technology and optical data transmission.

**Laser-based 3D sensors** are used especially in mobile phones for face recognition and should enable the use of Augmented Reality (AR) applications in future generations. In addition to applications in consumer electronics, edge-emitting and surface-emitting lasers are increasingly being used in 3D sensor technology in industry and the automotive sector. In a study published in 2018, the market research company Yole Development expects the total 3D sensor market to grow from USD 2.1 billion in 2017 to USD 18.5 billion in 2023. Starting from USD 400 million in 2017, the market for laser-based 3D sensor applications in consumer electronics is expected to grow at an average **annual growth rate of 82%** to USD 13.8 billion by 2023, making it the largest growth area of the 3D sensor market.

The market for **lasers for ultra-fast optical data transmission** is influenced in particular by internet services such as video-on-demand and music streaming as well as the communication of networked devices via the internet („internet of things“). In a report published in 2019, Yole Development predicts that the epiwafer market for optical data transmission lasers will grow from USD 90.9 million in 2018 to USD 324.7 million in 2024, i.e. more than triple over the entire period.

**Power semiconductors** based on **Wide-Band-Gap (WBG) materials** enable the manufacture of very compact and highly efficient AC-DC and DC-DC converters, which are used in a wide range of applications. These range from low (e.g. power supplies for smartphones) to the highest power and voltage classes (e.g. fast charging stations for electric vehicles).

A 2019 report by market research firm IHS predicts that the market for **silicon carbide (SiC) based power devices** will grow from USD 1.0 billion in 2019 to USD 4.0 billion in 2025. This corresponds to an average **market growth of 26% per year**. According to IHS, this growth can be attributed in particular to the further development of electric cars, which are increasingly being equipped with SiC components and are expected to account for 66% of the total SiC market by 2025 (USD 2.6 billion).

The **GaN-based power** device market is expected to grow at an average **annual growth rate of 33%** from USD 145.4 million in 2019 to USD 805.5 million in 2025, according to IHS. The IHS report says the main drivers for this growth are power supplies, for example for smartphones or laptops as well as electric cars. Both application areas are expected to generate sales of USD 543.9 million in 2025, representing 68% of the total GaN market.

In the field of **high-frequency applications**, GaN power components form the basis for the transmission of the radio signal in the transmission masts of the 5G telecommunications networks currently under construction. The market research firm Yole Development expects this market to grow at an average annual growth rate of 21% from USD 645 million in 2018 to USD 2.0 billion in 2024.

According to a report published in 2018 by the market research company LEDinside, the total **LED market** is expected to grow to USD 28.2 billion by 2022. Based on USD 18.8 billion in 2018, this represents an average annual growth rate of 11%. According to LEDinside, the **MicroLED** segment represents the greatest growth potential. By 2019, the market is expected to have a size of USD 279.1 million and grow to USD 3.2 billion by 2022. As this technology is at an early stage of development, the areas of application and their requirements for deposition technology are not yet clearly defined. According to LEDinside, MicroLEDs will be used in head-mounted displays including augmented and virtual reality (AR/VR), TV sets and video walls in 2020. Long-term applications are also offered by displays in various end applications such as smartphones, tablets, smartwatches and notebooks.

In April 2019, Gartner, a market research company, confirmed **AIXTRON's global market leadership for MOCVD equipment** in 2018 in a study entitled „Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2018“. For the third year in a row, AIXTRON ranked first according to this study: AIXTRON's market share was 46%, followed by Veeco (USA) with 27% and AMEC (China) with 23%. At the same time, the global market for MOCVD equipment grew to a total of USD 553 million (2017: USD 401 million).



## Results of Operations

### Development of Orders

#### Orders

(in EUR million)

	H1 2019	H1 2018	+/- mEUR	%
Total order intake incl. spares & services	98.3	154.3	-56.0	-36
Equipment order backlog (end of period)	110.1	138.3	-28.2	-20

As a matter of internal policy, the 2019 US-dollar-based equipment order intake and backlog are recorded at the current 2019 budget exchange rate of 1.20 USD/EUR (2018: 1.20 USD/EUR).

As a result of the reluctance of customers to invest in capacity expansion, H1/2019 **order intake** was, as expected, down by 36% to EUR 98.3m (H1/2018: EUR 154.3m) in a year-on-year comparison. In Q2/2019, order intake at EUR 44.7m stood below the previous quarter (Q1/2019: EUR 53.6m).

The **equipment order backlog** of EUR 110.1m as at June 30, 2019 was also below the level of both the previous year (Q2/2018: EUR 138.3m) and the previous quarter (Q1/2019: EUR 125.7m). The majority of the backlog is due for shipment in 2019.

In line with a strict internal process, AIXTRON has defined clear conditions that must be met for the recording of equipment orders in order intake and order backlog. These conditions include the following requirements:

- the receipt of a firm written purchase order,
- the receipt of an agreed down payment,
- accessibility to the required shipping documentation,
- a customer confirmed agreement on a system specific delivery date.

### 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 six months of 2019 was 1.13 USD/EUR (Q1/2019: 1.14 USD/EUR; Q2/2019: 1.12 USD/EUR), which compares to 1.21 USD/EUR in H1/2018. Thus, compared to the same period of the previous year, the average US dollar strengthened by 7 percent in H1/2019, increasing the Euro value of US dollar denominated revenues in this period.

## Development of Revenues

**Total revenues** for the first six months of 2019 amounted to EUR 132.0m, an increase of EUR 14.4m or 12% compared to the same period last year (H1/2018: EUR 117.6m). Compared to the previous quarter, revenues in Q2/2019 fell to EUR 63.3m (Q1/2019: EUR 68.7m).

**Equipment revenues** in H1/2019 were EUR 106.5m, representing 81% of the total H1/2019 revenues (H1/2018: 92.9m; 79%). In the second quarter 2019, equipment revenues amounted to EUR 50.3m or 79% of revenues (Q2/2018: EUR 42.1m; 76%; Q1/2019: EUR 56.1m; 82%).

The remaining revenues were generated from the sale of **spare parts and services**.

The deposition equipment and upgrades bought by AIXTRON's customers in the first half-year 2019 are used for the manufacture of lasers or ROY LED applications in photonics, and increasingly for power electronics applications.

### Revenues by Equipment, Spares & Service

(in EUR million)

	H1 2019		H1 2018		+/-	
	m EUR	%	m EUR	%	m EUR	%
Equipment revenues	106.5	81	92.9	79	13.6	15
Service, spare parts, etc.	25.5	19	24.6	21	0.9	4
<b>Total</b>	<b>132.0</b>	<b>100</b>	<b>117.6</b>	<b>100</b>	<b>14.4</b>	<b>12</b>

### Revenues by Region

	H1 2019		H1 2018		+/-	
	m EUR	%	m EUR	%	m EUR	%
Asia	99.7	76	59.0	50	40.7	69
Europe	15.7	12	35.4	30	-19.7	-56
Americas	16.6	12	23.2	20	-6.6	-28
<b>Total</b>	<b>132.0</b>	<b>100</b>	<b>117.6</b>	<b>100</b>	<b>14.4</b>	<b>12</b>

## Development of Results

### Cost Structure

	Q1 2019		Q1 2018		+/-	
	m EUR	% Rev.	m EUR	% Rev.	m EUR	% Rev.
<b>Cost of sales</b>	<b>79.4</b>	<b>60</b>	<b>66.9</b>	<b>57</b>	<b>12,5</b>	<b>19</b>
<b>Gross Profit</b>	<b>52.6</b>	<b>40</b>	<b>50.6</b>	<b>43</b>	<b>2.0</b>	<b>4</b>
<b>Operating costs</b>	<b>33.5</b>	<b>25</b>	<b>38.7</b>	<b>33</b>	<b>-5.1</b>	<b>-13</b>
Selling expenses	4.7	4	4.6	4	0.1	3
General and administration expenses	8.1	6	8.7	7	-0.6	-7
Research and development costs	25.3	19	27.0	23	-1.6	-6
Net other operating (income) and Expenses	(4.6)	-4	(1.6)	-1	3.0	187

A favourable USD/EUR exchange rate offset the anticipated margin effects from a higher share of LED tools included in revenues. Thus, gross profit in H1/2019 was EUR 52.6m with a 40% margin (H1/2018: EUR 50.6m, 43%; Q2/2019: EUR 25.9m, 41%; Q1/2019: EUR 26.7m, 39%). at the upper end of the forecasted range of 35-40%.

**Operating costs** decreased by 13% year-on-year to EUR 33.5m in H1/2019 (H1/2018: EUR 38.7m). In a quarterly sequential comparison, operating costs of EUR 16.6m were slightly below previous quarter's level (Q1/2019: EUR 17.0m).

The operating cost development was influenced by the following single factors:

**Selling expenses** in H1/2019 were stable year-on-year at EUR 4.7m (H1/2018: EUR 4.6m; Q2/2019: EUR 2.4m; Q2/2018: EUR 2.3m) and thus equaled again 4% of sales revenues (H1/2018: 4%; Q2/2019: 4%; Q2/2018: 4%).

In H1/2019, **general and administration expenses** slightly decreased year-on-year to EUR 8.1m (H1/2018: EUR 8.7m). In Q2/2019, general and administration expenses increased sequentially to EUR 4.3m (Q1/2019: EUR 3.8m).

**Research and development costs** (including the development activities in the area of OLED) in H1/2019 were down by 6% year-on-year to EUR 25.3m (H1/2018: EUR 27.0m). Sequentially, R&D costs in Q2/2019 were stable at EUR 12.5m compared to EUR 12.8m in Q1/2019 (Q2/2018: EUR 13.2m) and are thus in line with our ongoing research activities.

## Key R&D Information

	H1 2019	H1 2018	+/-
R&D expenses (million EUR)	25.3	27.0	-6%
R&D expenses, % of sales	19	23	

**Net other operating income and expenses** in the first half-year of 2019 resulted in an income of EUR 4.6m (H1/2018: EUR 1.6m income). In Q2/2018, net other operating income and expenses totalled EUR 2.7m income (Q1/2019: income of EUR 1.9m). Such income is mainly attributable to R&D grants and exchange rate gains.

The H1/2018 **operating result (EBIT)** increased from previous year's figure of EUR 12.0m to EUR 19.1m. This year-on-year development was mainly attributable to the above-mentioned business and cost development. Compared to the previous quarter, the operating result in Q2/2019 decreased to EUR 9.3m (Q1/2019: EUR 9.7m; Q2/2018: EUR 4.1m).

The **result before taxes** H1/2019 was EUR 19.5m (H1/2018: EUR 12.5m; Q2/2019: EUR 9.5m; Q2/2018: EUR 4.3m; Q1/2019 EUR 10.0m). Tax expenses in H1/2019 amounted to EUR 3.7m (H1/2018: tax credit of EUR 3.5m; Q2/2019: EUR 2.2m; Q2/2018: EUR 0.6m; Q1/2019 EUR 1.5m). The year-on-year difference is mainly attributable to a tax credit from additions to deferred tax assets in H1/2018.

The Company's **net result** amounted to EUR 15.8m in H1/2019 (H1/2018: EUR 16.0m; Q2/2019: EUR 7.3m; Q2/2018: EUR 3.7m).

## Financial Position and Net Assets

The Company did not have any **bank borrowings** as of June 30, 2019 or December 31, 2018.

**Total equity** as of June 30, 2019 increased to EUR 446.3m compared to EUR 429.6m as of December 31, 2018 mainly due to the period's net profit. The equity ratio was 85% as of June 30, 2019 (80% as of December 31, 2018).

The AIXTRON Group's **capital expenditures** for the first six months of 2019 amounted to EUR 6.7m including EUR 3.9m capitalized leased assets (H1/2018: EUR 4.5m), of which EUR 5.9m (H1/2018: EUR 4.2m) related to property, plant and equipment (including testing and laboratory equipment as well as tools under development and leased buildings).

**Cash and cash equivalents** (including cash deposits with a maturity of more than three months) decreased by EUR 4.8m to EUR 258.9m as of June 30, 2019 compared to EUR 263.7m as of December 31, 2018. Compared to March 31, 2019, cash and cash equivalents increased by EUR 11.0 million from EUR 247.9 million despite the increase in inventories.

**Property, plant and equipment** was EUR 64.6m as of June 30, 2019 (EUR 63.1m as of December 31, 2018). This figure includes EUR 3.9m from the capitalization of leased assets in accordance with IFRS 16.

**Goodwill** was EUR 71.7m as per June 30, 2019 compared to EUR 71.6m as per December 31, 2018. There were no impairments in the first half of 2019. The difference is attributable to exchange rate fluctuations.

**Inventories**, including raw materials, unfinished and finished goods, increased to EUR 81.8m as of June 30, 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 28.0m as of June 30, 2019, compared to EUR 40.1m as of December 31, 2018, which corresponds to a DSO of 32 days (December 31, 2018: 36 days). This mainly reflects the changed business volume.

**Advance payments** received from customers amounted to EUR 38.9m as of June 30, 2019 compared to EUR 53.3m as of December 31, 2018 reflecting the current order situation.

## Cashflow

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The free cash flow in H1/2019 amounted to EUR -4.9m (H1/2018: EUR -12.7m; Q2/2019: EUR 12.6m; Q2/2018: EUR 9.6m; Q1/2019: EUR -17.5m). The negative free cash flow in H1/2019 was mainly due to supplier payments and additional inventories acquired in Q1 2019. Free cash flow in Q2/2019 was EUR 12.6m, reflecting the profitable course of business.

## Opportunities and Risks

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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 laser 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 <https://www.aixtron.com/en/investors/publications>.

During the first six 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

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Based on the good results for the first six months of 2019 and the assessment of the development of demand in the current market environment, AIXTRON Management confirms its forecast for sales and orders for 2019 and now expects improved profitability with margins at the upper end of the ranges previously forecasted.

Accordingly, Management expects a stable to growing revenue development compared to 2018. For the second half of the year, an increase in demand is expected, particularly from Asia. Based on the good H1/2019 results, the present assessment of the order situation taking into account the current market environment 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 additional test tool 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 around 40% (previously: between 35% and 40%) and an EBIT of around 13% (previously: 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.

Developments in AIXTRON's markets are positive. In particular, the increasing use of lasers in 3D sensor technology and optical data transmission, the expansion of the 5G network and the increasing use of energy-efficient power electronics are expected to lead to further growth in the corresponding target markets.

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	H1 2019	H1 2018	+/-
Revenues	131,990	117,555	14,435
Cost of sales	79,409	66,908	12,501
<b>Gross profit</b>	<b>52,581</b>	<b>50,647</b>	<b>1,934</b>
Selling expenses	4,691	4,572	119
General administration expenses	8,125	8,725	-600
Research and development costs	25,327	26,961	-1,634
Other operating income	4,899	3,114	1,785
Other operating expenses	280	1,506	-1,226
<b>Operating expenses</b>	<b>33,524</b>	<b>38,650</b>	<b>-5,126</b>
<b>Operating result</b>	<b>19,057</b>	<b>11,997</b>	<b>7,060</b>
Finance income	511	490	21
Finance expense	51	4	47
<b>Net finance income</b>	<b>460</b>	<b>486</b>	<b>-26</b>
<b>Profit before taxes</b>	<b>19,517</b>	<b>12,483</b>	<b>7,034</b>
Taxes on income	3,701	-3,547	7,248
<b>Profit for the period</b>	<b>15,816</b>	<b>16,030</b>	<b>-214</b>
<b>Attributable to:</b>			
Owners of AIXTRON SE	15,958	16,030	-72
Non-controlling interests	-142	0	-142
Basic earnings per share (EUR)	0.14	0.14	0.00
Diluted earnings per share (EUR)	0.14	0.14	0.00

## Consolidated Statement of other Comprehensive Income (unaudited)

in EUR thousands	H1/2019	H1/2018	+/-
<b>Net profit for the period</b>	<b>15,816</b>	<b>16,030</b>	<b>-214</b>
Currency translation	503	2,360	-1,857
<b>Other comprehensive income/loss</b>	<b>503</b>	<b>2,360</b>	<b>-1,857</b>
<b>Total comprehensive income for the period</b>	<b>16,319</b>	<b>18,390</b>	<b>-2,071</b>
<b>Attributable to:</b>			
Owners of AIXTRON SE	16,461	18,390	-1,929
Non-controlling interests	-142	0	-142



## Consolidated Statement of Financial Position (unaudited)

in EUR thousands	Jun 30, 2019	Dec 31, 2018
<b>Assets</b>		
Property, plant and equipment	64,603	63,111
Goodwill	71,682	71,599
Other intangible assets	2,349	2,125
Other non-current assets	432	430
Deferred tax assets	11,938	12,832
<b>Total non-current assets</b>	<b>151,004</b>	<b>150,097</b>
Inventories	81,792	73,526
Trade receivables	28,041	40,137
Current tax receivables	516	905
Other current assets	6,890	10,489
Other financial assets	27,500	27,500
Cash and cash equivalents	231,374	236,207
<b>Total current assets</b>	<b>376,113</b>	<b>388,764</b>
<b>Total assets</b>	<b>527,117</b>	<b>538,861</b>
<b>Liabilities and shareholders' equity</b>		
Share capital	111,840	111,840
Additional paid-in capital	374,791	374,413
Accumulated losses	-46,136	-62,094
Currency translation reserve	4,929	4,426
<b>Equity attributable to the owners of AIXTRON SE</b>	<b>445,424</b>	<b>428,585</b>
Non-controlling interests	917	1,059
<b>Total equity</b>	<b>446,341</b>	<b>429,644</b>
Other non-current liabilities	2,820	347
Other non-current provisions	1,859	1,477
<b>Total non-current liabilities</b>	<b>4,679</b>	<b>1,824</b>
Trade payables	11,187	27,815
Advance payments from customers	38,892	53,314
Other current provisions	16,301	19,339
Other current liabilities	6,555	4,955
Current tax payables	3,162	1,970
<b>Total current liabilities</b>	<b>76,097</b>	<b>107,393</b>
<b>Total liabilities</b>	<b>80,776</b>	<b>109,217</b>
<b>Total liabilities and shareholders' equity</b>	<b>527,117</b>	<b>538,861</b>

## Consolidated Statement of Cash Flows (unaudited)

in EUR thousands	H1/2019	H1/2018	+/-
<b>Cash flow from operating activities</b>			
Net profit	15,816	16,030	-214
<b>Reconciliation between profit and cash flow from operating activities</b>			
Expense from share-based payments	378	745	-367
Depreciation, amortization and impairment expense	4,870	4,472	398
Net result from disposal of property, plant and equipment	32	-344	376
Deferred income taxes	919	-4,950	5,869
<b>Change in</b>			
Inventories	-8,315	-16,938	8,623
Trade receivables	12,491	-17,948	30,439
Other assets	4,234	-1,453	5,687
Trade payables	-16,870	4,445	-21,315
Provisions and other liabilities	-280	-14,727	14,447
Non-current liabilities	2,838	-473	3,311
Advance payments from customers	-14,435	22,605	-37,040
<b>Cash flow from operating activities</b>	<b>1,678</b>	<b>-8,536</b>	<b>10,214</b>
<b>Cash flow from investing activities</b>			
Capital expenditures in property, plant and equipment	-5,928	-4,161	-1,767
Capital expenditures in intangible assets	-739	-305	-434
Proceeds from disposal of fixed assets	54	344	-290
Bank deposits with a maturity of more than 90 days	0	20,000	-20,000
<b>Cash flow from investing activities</b>	<b>-6,613</b>	<b>15,878</b>	<b>-22,491</b>
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
Effect of changes in exchange rates on cash and cash equivalents	102	840	-738
Net change in cash and cash equivalents	-4,833	8,182	-13,015
Cash and cash equivalents at the beginning of the period	236,207	226,526	9,681
<b>Cash and cash equivalents at the end of the period</b>	<b>231,374</b>	<b>234,708</b>	<b>-3,334</b>
Interest paid	-2	0	-2
Interest received	343	314	29
Income taxes paid	-1,129	-2,682	1,553
Income taxes received	314	77	237

## 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 equity
<b>Balance January 1, 2018</b>	<b>111,802</b>	<b>372,912</b>	<b>1,481</b>	<b>-117,289</b>	<b>368,906</b>	<b>0</b>	<b>368,906</b>
Share based payments		745			745		745
Issue of shares	35	-35			0		0
Net income for the year				16,030	16,030		16,030
Other comprehensive income			2,360		2,360		2,360
Total comprehensive profit for the period			2,360	16,030	18,390	0	18,390
<b>Balance June 30, 2018</b>	<b>111,837</b>	<b>373,622</b>	<b>3,841</b>	<b>-101,259</b>	<b>388,041</b>	<b>0</b>	<b>388,041</b>
<b>Balance January 1, 2019</b>	<b>111,840</b>	<b>374,413</b>	<b>4,426</b>	<b>-62,094</b>	<b>428,585</b>	<b>1,059</b>	<b>429,644</b>
Share based payments		378			378		378
Net profit for the year				15,958	15,958	-142	15,816
Other comprehensive income			503		503		503
Total comprehensive profit for the period			503	15,958	16,461	-142	16,319
<b>Balance June 30, 2019</b>	<b>111,840</b>	<b>374,791</b>	<b>4,929</b>	<b>-46,136</b>	<b>445,424</b>	<b>917</b>	<b>446,341</b>

# 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.

As in previous years, the consolidated interim financial report was not audited according to §317 HGB or reviewed by a certified auditor.

## Segment Reporting

The following segment information has been prepared in accordance with IFRS 8 „Operating Segments“. As AIXTRON has only one operating segment, the information provided relates only to geographical data.

The Company markets and sells its products in Asia, Europe, and the United States, mainly through its direct sales organization and cooperation partners.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

### Geographical Segments

(in EUR thousands)

		Asia	Europe	Americas	Group
Revenues realized with third parties	<b>H1/2019</b>	<b>99,729</b>	<b>15,683</b>	<b>16,578</b>	<b>131,990</b>
	H1/2018	58,989	35,355	23,211	117,555
Segment assets (property, plant and equipment)	<b>Jun 30, 2019</b>	<b>1,376</b>	<b>62,684</b>	<b>543</b>	<b>64,603</b>
	Dec 31, 2018	312	62,537	262	63,111

## Stock Option Plans

As of June 30, 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

	Jun 30, 2019	Exercised	Expired/ Forfeited	Allocation	Dec 31, 2018
Stock options	<b>1,315,750</b>	<b>0</b>	<b>22,250</b>	<b>0</b>	<b>1,338,000</b>

## Employees

The total number of employees increased from 600 on June 30, 2018 to 666 persons on June 30, 2019.

### Employees by Region

	2019		2018		+/-	
	Jun 30	%	Jun 30	%	abs.	%
Asia	121	18	95	16	26	27
Europe	508	76	473	79	35	7
Americas	37	6	32	5	5	16
<b>Total</b>	<b>666</b>	<b>100</b>	<b>600</b>	<b>100</b>	<b>66</b>	<b>11</b>

## Management

The end of the Annual General Meeting held on 15 May 2019 marked the end of the term of office of the Supervisory Board members, Kim Schindelhauer and Prof Dr. Wolfgang Blättchen. Dr. Martin Komischke retired from the Supervisory Board for personal reasons also with effect from the end of the day of the Annual General Meeting. After dedicating more than 20 years to the Supervisory Board, Prof. Dr. Blättchen no longer stood for re-election; Mr. Schindelhauer made himself available for a shortened 3-year tenure.

In addition to Mr. Schindelhauer, the Annual General Meeting appointed new members of the Supervisory Board of AIXTRON SE: Prof. Dr. Anna Gersbacher and Mr. Frits van Hout. Prof. Dr. Anna Gersbacher is Diplom-Kauffrau (degree in business administration), auditor/tax advisor and Professor of General Business Administration at Heilbronn University/Germany. Mr. Frits van Hout is Diplom-Physiker (physics graduate) and Board Member of ASML Holding N.V., Veldhoven/Netherlands.

There were no further changes in the composition of the Management and Supervisory Board compared with December 31, 2018 as of June 30, 2019.

## Related Party Transactions

During the reporting period, AIXTRON did not initiate or conclude any material transactions with related parties, except for the appointment of the new members to the Supervisory Board.

## Post-Balance Sheet Date Events

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There were no known events after June 30, 2019 with a potentially significant effect on AIXTRON's results of operation or financial position at that date.

## Responsibility Statement

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To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements for the six months ended June 30, 2019 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Herzogenrath, July 25, 2019

AIXTRON SE  
Executive Board

## Forward-Looking Statements

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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.

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

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