

## AIXTRON continues profitable growth in Q3/2018

Strong demand for power electronics, laser and ROY LED applications boosts order intake / Earnings expectation increased

**Herzogenrath/Germany, October 30, 2018** – AIXTRON SE (FSE: AIXA), a leading provider of deposition equipment to the semiconductor industry, today announced its financial results for the nine months and the third quarter 2018.

**Order intake** including spare parts and service improved by 16% over the previous year in 9M/2018 to EUR 230.3m. This positive development is mainly due to the continued demand for MOCVD systems for the production of power electronics and lasers such as surface-emitting (VCSEL, Vertical-Cavity Surface-Emitting Laser) or edge-emitting (EEL, Edge Emitting Laser) lasers for applications in 3D sensing or optical data transmission as well as red, orange and yellow (ROY) LEDs.

**Equipment order backlog** increased to EUR 151.9m as of September 30, 2018, an increase of 53% year-on-year and 10% compared to June 30, 2018.

**Revenues** in 9M/2018 improved by 3% year-on-year to EUR 180.9m. Adjusted for the revenue share of EUR 37.6m of the ALD/CVD product line sold in 2017, they were 30% above the previous year's figure (9M/2017 adjusted: EUR 138.7m; 9M/2017 reported: EUR 176.3m). Sequentially revenues rose to EUR 63.4m in Q3/2018.

**Gross profit** and **gross margin** improved to EUR 78.2m or 43% in 9M/2018 compared to the previous year. Compared to the previous quarter, gross profit in Q3/2018 increased to EUR 27.6m which is in line with revenue development, while the gross margin remained stable at 44%. This was due to a favorable product and regional mix and was also positively influenced by a favorable USD/EUR exchange rate as well as a higher sales volume in the third quarter.

**Operating result (EBIT)** in 9M/2018 improved to EUR 20.7m year-on-year. Compared to the previous quarter, EBIT in Q3/2018 more than doubled to EUR 8.7m.

**Net profit** in 9M/2018 increased to EUR 27.7m compared to the previous year and was positively influenced by the recognition of EUR 4m of deferred taxes in Q3/2018. Compared to the previous quarter, net profit in Q3/2018 increased significantly to EUR 11.7m.

**Cash flow from operating activities** was EUR 5.4m in the first nine months of 2018, with operating cash flow of EUR 13.9m in Q3/2018 offsetting the negative Q1/2018 figure mainly resulting from planned payments related to the sale of the ALD/CVD product line in Q4/2017.

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**Cash and cash equivalents** increased to EUR 245.4m as of September 30, 2018, compared to EUR 234.7m as of June 30, 2018. The difference reflects the operating performance in Q3/2018.

## Key Financials

(in EUR million)	9M/2018	9M/2017	+/- (%)	Q3/2018	Q2/2018	+/- (%)
Order intake	230.3	197.9	16	76.0	75.6	1
Order backlog (Equipment only)	151.9	99.2	53	151.9	138.3	10
Revenues	180.9	176.3 <sup>1</sup>	3	63.4	55.2	15
Gross Profit	78.2	53.0	48	27.6	23.8	16
%	43	30	13 pp	44	43	1 pp
EBIT	20.7	-19.5	n/a	8.7	4.1	n/a
%	11	-11	22 pp	14	7	7 pp
Net result	27.7	-20.6	n/a.	11.7	3.7	n/a
%	15	-12	27 pp	18	7	11 pp
EPS (EUR)	0.25	-0.18	n/a.	0.11	0.03	n/a
Operating cash flow*	5.4	56.5	-90	13.9	12.5	11

<sup>1</sup> Includes revenues of EUR 37.6m resulting from the 2017 sale of the ALD/CVD product line.

## Business Development

As in previous quarters, revenues and order intake in the first nine months of 2018 were driven primarily by continued demand for MOCVD equipment for the production of ROY LEDs e.g. for displays and lasers such as surface emitting lasers (VCSELs) for applications in 3D sensing and optical data transmission. In Q3/2018 there was also an increasing demand for power electronics systems.

**Cost of sales** in 9M/2018 decreased year over year to EUR 102.7m (57% of revenues) compared to EUR 123.3m (70% of revenues) in 9M/2017. The improvement in cost of sales relative to revenues mainly reflects the improved product and regional mix. Cost of sales in Q3/2018 decreased by 5% to EUR 35.8m or 56% of revenues compared to the prior year.

At EUR 57.6m, **operating expenses** in 9M/2018 were 21% lower than in the previous year (9M/2017: EUR 72.5m; included restructuring expenses of EUR 13.6m in connection with the frozen product lines ). Compared to the previous quarter, operating expenses in Q3/2018 slightly decreased to EUR 18.9m (Q2/2018: EUR 19.7m).

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## Management Review

Dr. Bernd Schulte, President of AIXTRON SE, commented: "We were very pleased with the broad distribution of our order intake into applications for red, orange and yellow (ROY) LEDs, lasers and power electronics. The continuation of the overall positive business development in Q3/2018 means that we now expect orders and revenues for the full year 2018 to be at the upper end of the initially communicated range as well as a significantly improved result - the best result since 2011 and an incentive for the future. In addition, with the recent signing of the joint venture agreement with IRUJA, we also successfully completed the strategic adaptation of the Group structure initiated in 2017, which has led to sustainable profitability."

"In this fiscal year, we are benefiting from the increasing market penetration of new display and communication technologies worldwide. Our MOCVD systems for ROY LEDs and laser applications such as VCSEL or EEL, which are particularly in demand in the field of 3D sensor technology or optical data transmission, have established themselves as technically leading systems. The growing orders from power electronics are due to the increasing use of components based on gallium nitride or silicon carbide for energy-efficient communication, automotive energy management, consumer electronics and mobile devices," added Dr. Felix Grawert, President of AIXTRON SE.

## Guidance

Based on the results for the first nine months of the fiscal year 2018 and the internal assessment of the development of demand, AIXTRON Management updates its previous 2018 full year guidance.

Accordingly, AIXTRON Management now expects to book total orders\* around EUR 290m during 2018 (previous range: EUR 260 to 290m). Revenues are expected to be around EUR 260m, gross margin to be around 40% of revenues. It is now expected that AIXTRON will achieve an EBIT between EUR 35m and 40m (previously: around 10% of revenues, corresponding to about EUR 26m) and a positive total cash flow (previously: positive operating cash flow).

\*based on the 2018 budget rate of 1.20 USD/EUR

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## Financial Statements

The 9M/2018 results presentation is available at <http://www.aixtron.com/en/investors/publications>. The consolidated financial statements (income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity) relating to this press release are part of AIXTRON's quarterly group statement for the first nine months of 2018 and are available at <http://www.aixtron.com/en/investors/publications>.

## Investor Conference Call

AIXTRON will host a financial analyst and investor conference call on Tuesday, October 30, 2018, 3.00 p.m. CET (7.00 a.m. PDT, 10.00 a.m. EDT) to review the 9M/2018 results. You can dial into the call at +49 (30) 23 25 31 411 or +1 (862) 701-2734 from 2.45 a.m. CET (6.45 p.m. PDT, 9.45 a.m. EDT). An audio replay or transcript will be available after the conference call at <http://www.aixtron.com/en/investors/events/conference-calls/2018>.

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For further information on AIXTRON (FSE: AIXA, ISIN DE000A0WMPJ6) please consult our website at: [www.aixtron.com](http://www.aixtron.com).

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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.

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