

AIXTRON: Gross Margin and Earnings of the first Quarter exceed Expectations / Full-year Guidance 2019 confirmed

Orders and revenues in line with forecast / Positive exchange rate effects and improved product costs offset expected countervailing margin effects

Herzogenrath/Germany, April 30, 2019 – AIXTRON SE (FSE: AIXA), a leading provider of deposition equipment to the semiconductor industry, today announced its financial results for the first quarter 2019.

- **Revenues** increased to EUR 68.7 million (+10%) compared to previous year
- **Order intake** reduced year-on-year to EUR 53.6 million (-32%)
- **Gross profit** of EUR 26.7 million stable compared to previous year
- **Operating result (EBIT)** up on previous year to EUR 9.7 million (+23%)
- **Operating expenses** down further year-on-year (-10%)

Business Development

The first quarter of 2019 was mainly influenced by the expected reluctance of customers to invest in the expansion of their production capacities. However, the prospects for our core optoelectronics and power electronics business are intact.

AIXTRON continues to anticipate an increasing demand for lasers in these areas due to increasing applications in 3D sensor technology, security infrastructure or optical data transmission as well as the increasing use of LEDs and special LEDs in display and other applications. In addition, the company expects an increased use of gallium nitride or silicon carbide-based devices for energy-efficient communication and energy management in automobiles, consumer electronics and mobile devices.

In organic electronics, the Group took a further step towards OVPD technology qualification during the first quarter of 2019 with the commissioning of the Gen2 OLED system on a customer pilot production line. In the coming months, the facility is expected to deliver test results that will serve as the customer's decision basis, support the customer's decision-making process, and further advance the development of the technology.

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Key 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
EPS (EUR)	0.08	0.11	-27	0.08	0.16	-50
Free cash flow	-17.5	-22.3	n.a.	-17.5	5.7	n.a.

As expected, **order intake** including spare parts and service declined by 32% year-on-year to EUR 53.6m in Q1/2019.

Equipment order backlog as of March 31, 2019 increased by 9% year-on-year to EUR 125.7m.

Revenues in Q1/2019 increased by 10% year-on-year to EUR 68.7m (Q1/2018: EUR 62.4 m). At 56%, the slightly lower-margin LED systems business accounted for the largest share of revenues, while revenues from MOCVD systems for optoelectronics declined compared to the previous year to 30%, as expected. Power electronics equipment represented 9% of total revenues.

Cost of sales increased year-on-year from EUR 35.6m in Q1/2018 to EUR 42.0m in Q1/2019 and, thus, accounted for 61% of revenues in the first quarter of 2019 (Q1/2018: 57%), which also reflects the higher share of LED systems in revenues compared to the previous year.

Although the **gross margin** decreased slightly to 39% year-on-year due to a change in the product mix, the **gross profit** of EUR 26.7m in the first quarter of 2019 was on a par with the previous year. The advantageous USD/EUR exchange rate and lower product costs were largely able to offset the expected margin effects from the higher share of LED systems in sales.

At EUR 17.0m, **operating expenses** were down 10% on the previous year (Q1/2018: EUR 18.9m), mainly due to lower project-related expenses.

Operating result (EBIT) in Q1/2019 improved year-on-year by 23% to EUR 9.7m (Q1/2018: EUR 7.9m). This development is mainly attributable to the business and cost development described above.

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Net profit in Q1/2019 decreased to EUR 8.5m, mainly due to the positive impact of deferred tax assets of EUR 5.0m on the prior year quarter.

Free cash flow amounted to EUR -17.5m in the first quarter of 2019, mainly due to lower customer prepayments and higher inventories.

Cash including other financial assets (bank deposits with a maturity of at least three months) decreased to EUR 247.9m as of March 31, 2019, compared to EUR 263.7m as of December 31, 2018. The difference is mainly due to lower customer prepayments and trade payables.

Management Review

Dr. Bernd Schulte, President of AIXTRON SE, comments: "Business development in the first quarter of 2019 was in line with our expectations. Against this background, we confirm the forecast for 2019 issued in February. While in terms of revenues Q1/2019 was the strongest first quarter in many years, order intake reflects the current reluctance of our customers to invest. Our continued productivity gains and lower costs, combined with a favorable USD/EUR exchange rate, are positive factors supporting both our gross margin and our results. "

"There has been no change in the medium- and long-term positive assessment of our core markets. We remain firmly convinced that AIXTRON will benefit from numerous forward-looking technology trends due to its product portfolio. As market and technology leader in optoelectronics, we are excellently positioned in laser and special LED applications as well as in power electronics, where we will be launching a new generation of systems this year. We are also optimistic about our subsidiary APEVA, which in the first quarter of 2019 took another important step on the road to production qualification with the commissioning of the Gen2 OLED system at our customer's site," adds Dr. Felix Grawert, President of AIXTRON.

Guidance

On the basis of the results for the first three months of the 2019 financial year and the internal assessment of the development of demand, the Management Board maintains its forecast for the 2019 financial year given in the Annual Report.

Accordingly, a stable to slightly growing sales development compared to 2018 is expected for the financial year as a whole. Incoming orders of the first quarter reflect the aforementioned reluctance of customers to make investment decisions in optoelectronics, and the further development in the second half of 2019 cannot yet be accurately predicted at the moment. Based on the results in Q1/2019, the current assessment of the order situation and the budget exchange rate of 1.20 USD/EUR, the Management Board expects incoming orders in a range

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between EUR 220 million and EUR 260 million for fiscal year 2019. These expectations include an expected order from the OLED customer for a large-scale test system as part of the ongoing qualification process for OVPD technology for the OLED display industry. With expected sales revenues in a range between EUR 260 million and EUR 290 million, the Management Board expects a gross margin of between 35% and 40% and EBIT of between 8% and 13% of sales in fiscal year 2019. Furthermore, the Management Board expects to generate a free cash flow of between EUR 15 million and EUR 25 million in fiscal year 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 " (p. 65 ff) of the Annual Report 2018, which is publicly available for download on the Company's website at <http://www.aixtron.com/en/investors/financial-reports/>.

Financial Tables

The Q1/2019 results presentation is available at <http://www.aixtron.com/en/investors/ir-presentation>. 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 available at <http://www.aixtron.com/en/investors/financial-reports/> as part of AIXTRON's Quarterly Statement for the first quarter of 2019.

Investor Conference Call

AIXTRON will host a financial analyst and investor conference call on Thursday, April 30, 2019, 3.00 p.m. CEST (6.00 a.m. PDT, 9.00 a.m. EDT) to review the first quarter 2019 results. You can dial into the call at +49 (30) 23 25 31 411 or +1 (862) 701-2734 from 2.45 a.m. CEST (5.45 p.m. PDT, 8.45 a.m. EDT). An audio replay or transcript will be available after the conference call at <http://www.aixtron.com/en/investors/events/conference-call/>.

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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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