

AIXTRON: Revenues and Operating Result (EBIT) up / Full-year Guidance firmed up

Q3/2019: Rise in Order Intake, further Increase in Demand expected

Herzogenrath/Germany, October 24, 2019 – AIXTRON SE (FSE: AIXA), a leading provider of deposition equipment to the semiconductor industry, today announced its financial results for the first nine months and the third quarter 2019:

- **Revenues** increased to EUR 184.6 million (+2%) compared to previous year
- **Operating result (EBIT)** increased to EUR 24.5 million year-on-year (+18%)
- **Operating expenses** improved to EUR 50.2 Million year-on-year (-13%)
- **Order intake** in Q3/2019 rose to EUR 52.2 million (+17%)

Business Development

In Q3/2019, as expected, the order situation showed a slight recovery compared to the previous quarter. Sales were lower than in the previous quarters, partly due to longer than expected processes to grant export licenses. Nevertheless, sales for the first nine months of 2019 increased slightly year-on-year. An increase in both order intake and sales is expected for the fourth quarter of the year.

In September 2019, AIXTRON officially unveiled its new fully automated silicon carbide production system as part of the review of its technology and product portfolio, and has already received initial orders from the industry for the delivery of this system.

Our Gen2 OLED system is being operated in a pilot production line at our customer's plant jointly by engineers from our customer and our subsidiary APEVA in a pilot production line. At present, intensive efforts are being made to optimize the system as well as the process parameters for manufacturing OLEDs using the OVPD process. This is expected to confirm the performance of the OVPD technology in the coming months and create the data required for the customer's decision to place a follow-up order for a further OVPD tool.

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Key Financials

| (in EUR million) | 9M/2019 | 9M/2018 | +/- (%) | Q3/2019 | Q2/2019 | +/- (%) |
|--------------------------------|---------|---------|------------|---------|---------|------------|
| Order intake | 150.6 | 230.3 | -35 | 52.2 | 44.7 | 17 |
| Order backlog (Equipment only) | 108.4 | 151.9 | -29 | 108.4 | 110.1 | -2 |
| Revenues | 184.6 | 180.9 | 2 | 52.6 | 63.3 | -17 |
| Gross Profit | 74.7 | 78.2 | -4 | 22.1 | 25.9 | -15 |
| % | 40 | 43 | -3 pp | 42 | 41 | 1 pp |
| EBIT | 24.5 | 20.7 | 18 | 5.5 | 9.3 | -41 |
| % | 13 | 11 | 2 pp | 10 | 15 | -5 pp |
| Net result | 20.2 | 27.7 | -27 | 4.4 | 7.3 | -40 |
| % | 11 | 15 | -4 pp | 8 | 12 | -4 pp |
| EPS (EUR) | 0.18 | 0.25 | -28 | 0.04 | 0.06 | -71 |
| Free cash flow | -2.7 | -1.4 | -93 | 2.3 | 12.6 | -82 |

As expected, **order intake** including spare parts and service declined by 35% year-on-year to EUR 150.6m in 9M/2019.

Equipment order backlog as of September 30, 2019 decreased by 29% year-on-year to EUR 108.4m.

Revenues in 9M/2019 increased by 2% year-on-year to EUR 184.6m. With a share of 44%, MOCVD systems for optoelectronics made the largest contribution to equipment revenues, while the LED systems business accounted for 39% of equipment revenues. Power electronics equipment accounted for 13% of equipment revenues.

Cost of sales rose from EUR 102.7m in 9M/2018 to EUR 109.8m in 9M/2019 representing 60% of revenues in the first nine months of 2019 (9M/2018: 57%).

Parallel to the slight year-on-year decline in **gross margin** to 40% due to a change in the product mix, **gross profit** also fell by 4% to EUR 74.7m in 9M/2019.

At EUR 50.2m, **operating expenses** were down 13% on the previous year (9M/2018: EUR 57.6m), mainly due to increased other income.

Operating result (EBIT) in 9M/2019 improved year-on-year by 18% to EUR 24.5m. This development is mainly attributable to the business and cost development described above.

Net profit in 9M/2019 was lower year-on-year at EUR 20.2m. However, the prior-year period was positively impacted by the recognition of deferred tax assets of EUR 9.0m in 9M/2018.

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Free cash flow in the first nine months of 2019 amounted to EUR -2.7m. The negative free cash flow in 9M/2019 was mainly due to the increased working capital, including investment in beta tools, as well as the growth of inventories and reflects the current order situation.

Cash including other financial assets (bank deposits with a maturity of at least three months) amounted to EUR 260.6m as of September 30, 2019, slightly below the level as of December 31, 2018 but higher than June 30, 2019 (December 31, 2018: EUR 263.7m; June 30, 2019: EUR 258.9m).

Management Review

Dr. Bernd Schulte, President of AIXTRON SE, said: "Overall, business development up to September 30, 2019, was in line with our expectations, even though the prolonged review of export licensing had an impact on Q3 results. However, the increased order intake in the third quarter makes us optimistic that we will achieve our targets for the current fiscal year. The further reduction in costs as well as the still advantageous USD/EUR exchange rate are helping us to achieve our targets".

"We continue to assess the medium- and long-term prospects for our core markets in optoelectronics and power electronics as positive. As the market and technology leader in optoelectronics, we are in an excellent position both in laser and special LED applications as well as in power electronics. At the end of September, we presented our new production system for silicon carbide to the public, for which we have received positive customer feedback and initial orders in recent months. In addition, our OLED subsidiary APEVA is working intensively with our customers to prove the performance of the OVPD technology and thus to create the decision-making basis in favor of a follow-up order for a further OVPD system - even if we do not expect this in the current fiscal year," adds Dr. Felix Grawert, President of AIXTRON SE.

Guidance

Based on the good results for the first nine months of 2019 and the assessment of the development of demand in the current market environment, AIXTRON **Management firms up** its forecast for 2019 sales and orders.

Accordingly, Management expects a stable revenue development compared to 2018. In the final quarter of the year, despite low visibility a further increase in demand is expected. Based on the 9M/2019 results, the present assessment of the order situation and the budget exchange

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rate of 1.20 USD/EUR, Management refines its forecast for 2019, now expecting to receive orders for the current financial year of around EUR 220 million (previously: EUR 220 million to EUR 260 million). With revenues of around EUR 260 million (previously: EUR 260 million to EUR 290 million), Management expects to achieve a gross margin of around 40% and an EBIT of around 13% of revenues in 2019. Furthermore, Management anticipates a free cash flow around EUR 15 million in 2019 (previously EUR 15 million to EUR 25 million). This forecast takes the longer than expected review processes for granting export licences as well as the expectation of a follow up OLED order no longer in the financial year 2019 into account. 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 optical data transmission and 3D sensor technology, 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 " (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 9M/2019 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 available at <http://www.aixtron.com/en/investors/publications> as part of AIXTRON's Quarterly Group Statement Q3/2019.

Investor Conference Call

AIXTRON will host a financial analyst and investor conference call on **Thursday, October 24, 2019, 3.00 p.m. CEST (6.00 a.m. PDT, 9.00 a.m. EDT)** to review the 9M/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-calls/active>.

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

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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 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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