

## AIXTRON: 2018 targets exceeded

Strategic realignment successfully completed / Operating business impresses with strong growth

**Herzogenrath/Germany, February 26, 2019** – AIXTRON SE (FSE: AIXA), a leading provider of deposition equipment to the semiconductor industry, today announced its financial results for 2018.

- **Order intake** rose to EUR 302.5m (+15%) compared to the previous year
- **Revenues** up year-on-year (adjusted) to EUR 268.8m (+40%)
- **Gross profit** and **gross margin** significantly improved to EUR 117.6m (+59%) and 44% (+12 pp), respectively, compared to the previous year
- **Operating result (EBIT)** multiplied to EUR 41.5m

The positive development was based in particular on the continued demand for MOCVD systems for the production of lasers, red-orange-yellow (ROY) and specialty LEDs as well as power electronics.

**Equipment order backlog** increased to EUR 138.3m as of December 31, 2018, an increase of 27% compared to the previous year.

In addition to order intake and order backlog, **revenues** (including service and spare parts) also developed positively, rising by 17% year-on-year to EUR 268.8m in 2018. Adjusted for previous year's sales from discontinued operations (EUR 38.8m in 2017), sales increased by 40% compared to the previous year. Two thirds of equipment sales were accounted for by MOCVD systems for the manufacture of optoelectronic components, followed by systems for LED production (including red-orange-yellow and specialty LEDs) with 16% and power electronics with 8%.

**Net profit** in 2018 improved to EUR 45.9m. Due to the capitalization of deferred taxes in the amount of EUR 9.5m, this figure is higher than the operating result.

**Free cash flow** in 2018 was EUR 4.4m (2017: EUR 91.4m). The difference is mainly due to payments in 2018 and cash inflows in 2017 from the sale of the ALD/CVD product line in 2017.

**Cash and cash equivalents** including short-term financial investments (bank deposits with a maturity of at least three months) grew by 7% as of December 31, 2018 to EUR 263.7m compared to EUR 246.5m as of December 31, 2017. The difference is mainly attributable to the positive course of business in 2018.

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## Key Financials

(in EUR million)	FY/2018	FY/2017	+/- (%)	Q4/2018	Q4/2017	+/- (%)
Order intake	302.5	263.6	15	72.2	65.7	10
Order backlog (Equipment only)	138.3	108.6	27	138.3	108.6	27
Revenues	268.8	230.4 <sup>1</sup>	17	87.9	54.1	62
Gross Profit	117.6	74.0	59	39.4	21.0	88
%	44	32	12 pp	45	39	6 pp
EBIT	41.5	4.9	n/a	20.8	24.4	-15
%	15	2	13 pp	24	45	-21 pp
Net result	45.9	6.5	n/a	18.2	27.2	-33
%	17	3	14 pp	21	50	-29 pp
EPS (EUR)	0.41	0.06	n/a	0.16	0.24	-33
Free cash flow	4.4	91.4	-95	5.7	42.8	-87

<sup>1</sup> Includes revenues of EUR 38.8m resulting from the 2017 sale of the ALD/CVD product line.

## Business Development 2018

With the entry of our joint venture partner IRUJA into our OLED subsidiary APEVA last year, we have successfully completed the realignment of AIXTRON. The economic development in 2018 was characterized by the profitable operating performance following the successful turnaround of the company, which was reflected in a net result of EUR 45.9m. AIXTRON benefited from the continued strong demand for MOCVD equipment, in particular for the production of vertical cavity surface-emitting lasers (VCSEL) and red, orange and yellow (ROY) LEDs.

The Company's cost structure was further improved in 2018. **Cost of sales** developed at a lower rate than sales year-on-year and, at EUR 151.2m in 2018, was 3% below the figure of EUR 156.4m in 2017. This is mainly due to better capacity utilization in production and a more favorable product mix with higher margins. A stronger US dollar against the Euro in the second half of the year also had a positive impact. As a result, cost of sales as a percentage of sales decreased to 56% in 2018.

At EUR 76.2m, **operating expenses** rose by 10% (2017: EUR 69.1m) at a slower rate than sales growth. As a percentage of sales, operating expenses fell to 28% in 2018 (2017: 30%).

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## Guidance

For 2019, the Company expects a stable to slightly growing revenue development compared to 2018. At the moment, customers are reluctant to make investment decisions in optoelectronics and the further development for the second half of 2019 is difficult to anticipate. Both are also influenced by the currently prevailing critical view of the development of the global economy, in particular due to global trade conflicts and political uncertainties. However, Management is optimistic about the long-term prospects for the demand for MOCVD systems for the production of lasers for applications in 3D sensor technology or optical data transmission as well as for LED applications. With regard to the demand for systems for the production of power components based on the wide-band-gap materials SiC and GaN (silicon carbide, gallium nitride), Management expects an increasing contribution to sales already in 2019 compared to 2018.

Based on the current corporate structure, an assessment of the order situation and the budget rate of 1.20 USD/EUR, Management expects to receive orders for the 2019 financial year in a range between EUR 220m and EUR 260m. This range takes into account both, the uncertain development in the second half of the year as well as the difficulty in quantifying the size of any possible OLED order. With revenues in a range between EUR 260m and EUR 290m, 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 15m and EUR 25m for 2019. Expectations for 2019 fully include the results of AIXTRON's APEVA subsidiary, including all necessary investments to continue the development of OLED activities.

## Management Review

Dr. Bernd Schulte, President of AIXTRON SE, said: "2018 was an excellent year for AIXTRON. We are pleased that we not only achieved the planned positive result from operating activities, but even slightly exceeded our forecast. However, we are looking more cautiously into 2019 as we are currently experiencing a certain reluctance on the part of our customers to invest in optoelectronics. The sustainably profitable development shows that we have done our homework thoroughly in the realignment of the company."

"With the entry of our joint venture partner IRUJA into our OLED subsidiary APEVA, we have set an important course for the future. After completion of the test phase for the Gen2 OLED system before the end of this year, we expect a first customer order for a large-scale production chamber. In addition, we are focusing on the sustainable development of the AIXTRON Group, for example by tapping into the growth potential in power electronics. With

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a strong order intake and order backlog, we expect a clearly positive operating result for the current year as well," explains Dr. Felix Grawert, President of AIXTRON SE.

## Financial Statements

The FY/2018 results presentation is available at <https://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 Annual Report 2018 and are available at <https://www.aixtron.com/en/investors/publications>. The non-financial group report of AIXTRON SE for 2018 ("Sustainability Report") is also available at <https://www.aixtron.com/en/investors/publications>.

## Investor Conference Call

AIXTRON will host a financial analyst and investor conference call on Tuesday, February 26, 2019, 3.00 p.m. CET (6.00 a.m. PST, 09.00 a.m. EST) to review its 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 (5.45 a.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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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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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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