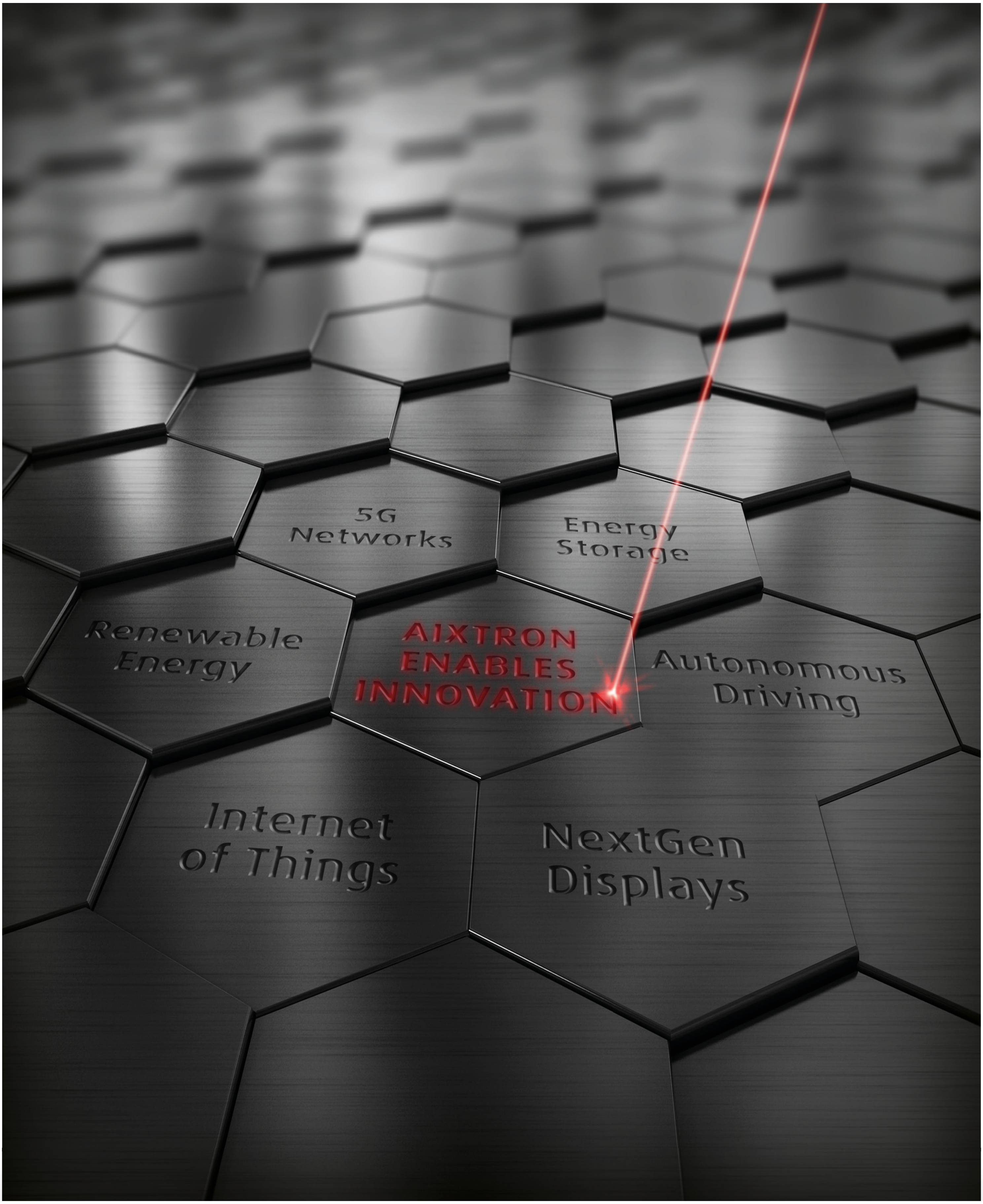

2018 Half-Year Group Financial Report

AIXTRON

Interim consolidated financial statements for the six months ended June 30, 2018

Key Financials

(in EUR million)	2018 H1	2017 H1	+/-	2018 Q2	2018 Q1	+/-
Order intake	154.3	128.5	20%	75.6	78.6	-4%
Order backlog (Equipment only)	138.3	93.4	48%	138.3	114.9	20%
Revenues	117.6	114.1	3%	55.2	62.4	-12%
Gross profit	50.6	28.3	79%	23.8	26.8	-11%
%	43	25	18 pp	43	43	0 pp
EBIT	12.0	-24.1	150%	4.1	7.9	-48%
%	10	-21	31 pp	7	13	-6 pp
Net result	16.0	-24.9	164%	3.7	12.3	-70%
%	14	-22	36 pp	7	20	-13 pp
Net result per share (EUR)	0.14	-0.22	164%	0.03	0.11	-73%
Operating Cash Flow	-8.5	43.3	-120%	12.5	-21.1	159%

Demand for Lasers and ROY LEDs driving continued high Order Intake / Guidance adjusted upwards

Due to the continuing demand for MOCVD systems, mainly for the manufacturing of lasers such as vertical cavity surface emitting lasers (VCSELs) or edge emitting lasers (EEL) for 3D sensing and optical datacom applications, or for MOCVD systems to manufacture red, orange and yellow (ROY) LEDs, order intake in Q2/2018 continued at a high level. Revenues in the second quarter were down compared to the previous quarter due to the scheduled shipments in accordance with customer target delivery dates. The gross margin in Q2/2018 again reached 43%, which was mainly due to a positive product and regional mix and support by a stronger US Dollar compared to the Euro during the quarter.

Management adjusts its full year guidance* upwards and now expects to book total orders between EUR 260 and 290 million (up from EUR 230 to 260 million previously). Revenues are expected to be around EUR 260 million (Previous range: EUR 230-260 million). Gross margin is expected to be around 40% of revenues (previous range: 35% to 40%) and EBIT margin to be around 10% of revenues (previous range: 5% to 10%). The operating cash flow for the year is expected to be positive.

Key Balance Sheet Data

In EUR million	June 30, 2018	December 31, 2017
Inventories	60.1	43.0
Advance Payments	53.2	30.3
Trade Receivables	37.7	19.3
Trade Payables	18.9	14.3
Cash	234.7	246.5
Equity	388.0	368.9
Equity Ratio	80%	81%

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

Key Share Data

in EUR	H1/2018	H1/2017
Closing Price (end of period)	11.14	6.16
Period High Price	19.27	6.16
Period Low Price	10.76	3.15
Number of shares issued (end of period)	112,924,730	112,804,105
Market capitalization (end of period), million EUR	1,258.0	694.9

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 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 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. This document is an English language translation of a document in German language. In case of discrepancies, the German language document shall prevail and shall be the valid version.

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.

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.

Table of Contents

Interim Management Report

1. Business Activity and Strategy

AIXTRON (“the AIXTRON Group” or “the Company”) is a leading provider of deposition equipment to the semiconductor industry. The Company‘s technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and opto-electronic applications based on compound or organic semiconductor materials. Such components are used in fiber optic communication systems, wireless and mobile communication applications, sensing, signaling and lighting, displays, as well as a range of other leading-edge technologies.

The Company markets and sells its products worldwide, principally through its own direct sales organization, but also through appointed dealers and sales representatives.

AIXTRON´s business activities include developing, producing and installing equipment for the deposition of complex semiconductor materials, process engineering, consulting and training, including customer support and after-sales service. AIXTRON also offers ancillary equipment and services.

AIXTRON supplies its customers with both production-scale material deposition systems and small scale systems for Research & Development (R&D) or small scale production.

Demand for AIXTRON´s products is driven by further increasing processing speed, increased requirements for energy efficiency and the necessity to reduce the cost of ownership for current and emerging power- and optoelectronic components. Using AIXTRON´s leading technology for thin film deposition enables manufacturers to improve performance, yield and quality in the fabrication process of advanced power- and optoelectronic devices.

AIXTRON´s product range includes customer-specific systems capable of depositing material films on a diverse range of different substrate sizes and materials.

The deposition technologies for opto and power electronics include Metal-Organic Chemical Vapor Deposition (MOCVD) for the deposition of compound materials to produce for instance LEDs, other optoelectronic components or power electronics . PECVD (Plasma Enhanced Vapor Phase Deposition) is being employed for the deposition of complex Carbon Nanostructures (Carbon Nanotubes, Nanowires or Graphene). For thin film deposition of organic materials for organic electronics applications including OLEDs or Organic Light Emitting Diodes, APEVA offers Polymer Vapor Phase Deposition (PVPD) and Organic Vapor Phase Deposition (OVPD).

The Company’s R&D capability remains of important strategic significance, as it provides for a competitive, leading edge technology portfolio and thus influences the future business development. Therefore, 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.

Environmental protection and the responsible use of resources are an essential part of AIXTRON´s business strategy. The Company’s engineers continuously work on improving AIXTRON´s systems, both in terms of resource conservation and environmental-friendly design and function. For further information, please refer to the AIXTRON CSR-Report which is available on the AIXTRON website under www.aixtron.com/en/investors/financial-reports.

2. Macroeconomic and Industry Developments

Macroeconomic developments

After a very strong second half of 2017, the positive momentum for the global economy has slowed down in the first half of 2018. Economic growth continues to benefit from a supportive monetary policy in the euro zone and the expansionary fiscal policy in the US. Financing conditions also remain favorable, despite stock market volatility and rising bond yields following signs of strengthening inflation in developed economies. Nevertheless, the International Monetary Fund (IMF) believes that the development is subject to considerable higher risks, which may result in particular from a drastic deterioration in financing conditions, declining acceptance of global economic integration, increasing trade conflicts and a return to protectionist policies as well as geopolitical tensions. Still, the IMF in its World Economic Outlook Update (published July 16, 2018) reiterated its global growth forecast for 2018 of 3.9% (2017: 3.7%), which was raised only in April 2018. While growth in the advanced economies is now projected at 2.4%, (2017: 2.4%) the emerging and developing countries are expected to grow by 4.9% (2017: 4.7%).

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 2018.

The average exchange rate used by AIXTRON to translate income and expenses denominated in US dollars in the first six months of 2018 was 1.21 USD/EUR (Q1/2018: 1.22 USD/EUR; Q2/2018: 1.20 USD/EUR), which compares to 1.09 USD/EUR in H1/2017. Thus, compared to the same period of the previous year, the average US dollar exchange rate declined by 11 percent in H1/2018, reducing the Euro value of US dollar denominated revenues in this period.

Industry developments

After the introduction of **VCSEL based 3D sensing** functionalities in Apples flagship smartphone, the first Android based smartphone from an Asian vendor using this technology is expected to be launched in 2018. According to numerous capital market analysts, upcoming generations of mobile phones will also be equipped with laser based 3D sensors, which results in a continuous market growth in the next years. In addition to its use for smartphones, laser based technologies are also used for Automotive (sensing) and optical Datacom applications, which could grow with a Compounded Annual Growth Rate (CAGR) of 11% until 2023 (from USD 80m in 2017 to USD 151m in 2023).

According to the market research institute LEDinside, fine-pitch LED display is the LED product category expected to achieve the highest growth in the next few years. The **fine-pitch LED display market** is expected to increase from USD 1.14 billion in 2017 to 1.77 billion in 2021, achieving a CAGR of 12% between 2017 and 2021.

Yole Développement (February 2017) forecasts the first **MicroLED (µLED) displays** to be shipped in 2019. The technology is promising for a number of applications; however, today there are still some production hurdles to overcome. Starting with a market size of 6.1 million displays, the market is expected to grow to 48.0 million displays in 2025. This scenario includes video displays, smartwatches, augmented and mixed reality (AR/MR) and head up displays. By adding tablets, laptops, TVs and monitors to the scenario, the market is expected to grow to 99.3 million displays in 2025.

According to the market research institute Yole Développement (September 2017), the market for **Gallium nitride (GaN) based power management devices** is expected to grow from USD 27.0 million in 2017 to USD 280.0 million in 2021. This equals a CAGR of 79% within this time period. The market for **Silicon Carbide (SiC) based power management devices** is expected to achieve a CAGR of 30% between 2017 and 2021 resulting in USD 802 million market size in 2021. Yole Développement viewed that SiC will account for the majority of wide-bandgap (WBG) based power management devices, as SiC adoption will be accelerated by the hybrid and electric vehicle market growth.

3. Business Performance and Key Developments

Revenues and orders received in the first half of 2018 were driven by the strong demand for equipment used for laser applications such as VCSELs for 3D sensing or optical datacom as well as for equipment used for ROY LED applications.

Total order intake was stable compared to the previous quarters' high level and up compared to the same quarter of the previous year. **Equipment order backlog** increased sequentially in a quarterly comparison as well as year-on-year. These developments represent the strong order momentum in particular driven by demand for equipment to produce laser devices.

Revenues in Q2/2018 were EUR 55.2m (Q1/2018: EUR 62.4m), which were lower compared to the previous quarter. This was mainly due to scheduled shipments in accordance with customer target delivery dates. Due to relatively stable **cost of sales** compared to revenues, the **gross profit** was EUR 23.8m with a **gross margin** of 43% (Q1/2018: EUR 26.8m; 43%). **Operating expenses** in Q2/2018 were slightly higher compared to the previous quarter. The **operating result (EBIT)** was EUR 4.1m with an EBIT margin of 7% (Q1/2018: EUR 7.9m; 13%). The **net result** amounted to EUR 3.7m (Q1/2018: EUR 12.3m).

Operating cash flow in Q2/2018 was EUR 12.5 m (Q1/2018: EUR -21.1m).

Due mainly to the scheduled payments in conjunction with the sale of the ALD/CVD product line and shipments towards the end of the quarter, AIXTRON reported **cash & cash equivalents** of EUR 234.7m as of June 30, 2018, which are EUR 11.8m lower than the EUR 246.5m recorded on December 31, 2017. Compared to the amount as of March 31, 2018, cash & cash equivalents were higher (March 31, 2018: EUR 223.2 million).

4. Results of Operations

4.1. Development of Orders

Orders (in EUR million)	2018 H1	2017 H1	+/- m EUR	 %
Order intake incl. spares & services	154.3	128.5	25.8	20
Order backlog (equipment only)	138.3	93.4	44.9	48

As a matter of internal policy, the 2018 US dollar based equipment order intake and backlog are recorded at the current 2018 budget exchange rate of 1.20 USD/EUR (2017: 1.10 USD/EUR).

In H1/2018, **order intake** showed a year-on-year increase of 20% to EUR 154.3m (H1/2017: EUR 128.5m). This was mainly driven by continuing strong demand for MOCVD systems to manufacture lasers and ROY LEDs. In Q2/2018, total order intake remained stable compared to the previous quarter at EUR 75.6m (Q1/2018: EUR 78.6m).

The **equipment order backlog** of EUR 138.3m as at June 30, 2018 was higher both than the EUR 93.4m at the same point in time in 2017 and the Q1/2018 backlog of EUR 114.9m. The majority of the backlog is due for shipment in 2018 resulting in stronger revenues in H2 versus H1 of 2018.

As a matter of internal policy, AIXTRON follows clear internal requirements before recording and reporting received equipment orders as order intake and order backlog. These requirements comprise of all of the following minimum criteria:

1. the receipt of a firm written purchase order,
2. the receipt of the agreed deposit,
3. accessibility to the required shipping documentation,
4. a customer confirmed agreement on a system specific delivery date.

In addition, and reflecting current market conditions, the Company's Management reserves the right to assess whether the actual realization of each respective system order is sufficiently likely to occur in a timely manner. When Management concludes, that there is an insufficient likelihood of realizing revenue on an order or that there is an unacceptable degree of risk of attached to it, Management will exclude the order, or a portion of the order from the recorded order intake and order backlog figures until the risk has reduced to an acceptable level. The backlog is being regularly assessed and adjusted if necessary to reflect potential execution risks.

4.2. Development of Revenues

During the first six months of 2018, AIXTRON recorded **total revenues** of EUR 117.6m, an increase of EUR 3.5m or 3% compared to the same period last year (H1/2017: EUR 114.1m). Compared to the previous quarter, revenues in Q2/2018 decreased to EUR 55.2m (Q1/2018: EUR 62.4m), mainly reflecting the scheduled shipments in accordance with customer target delivery dates. Revenues in H2/18 are expected to be higher compared to H1/18.

Equipment revenues in H1/2018 were EUR 92.9m, representing 79% of the total H1/2018 revenues (H1/2017: 94.4m; 83%). In the second quarter 2018, equipment revenues amounted to EUR 42.1m or 76% of revenues (Q2/2017: EUR 50.9m; 84%; Q1/2018: EUR 50.8m; 81%).

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 2018 are predominantly used for the production of optoelectronic components including lasers as well as ROY LEDs.

Revenues by Equipment, Spares & Service	2018 H1		2017 H1		+/-	
	m EUR	%	m EUR	%	m EUR	%
Equipment revenues	92.9	79	94.4	83	-1.5	-2
Revenues from service, spare parts, etc.	24.7	21	19.7	17	5.0	25
Total	**117.6**	**100**	**114.1**	**100**	**3.5**	**3**

Revenues by Region	2018 H1		2017 H1		+/-	
	m EUR	%	m EUR	%	m EUR	%
Asia	59.0	50	94.3	82	-35.3	-37
Europe	35.4	30	8.7	8	26.7	307
Americas	23.2	20	11.1	10	12.1	109
Total	**117.6**	**100**	**114.1**	**100**	**3.5**	**3**

4.3. Development of Results

Cost Structure	2018 H1		2017 H1		+/-	
	m EUR	% Rev.	m EUR	% Rev.	m EUR	%
Cost of sales	**66.9**	**57**	**85.8**	**75**	**-18.9**	**-22**
Gross profit	**50.6**	**43**	**28.3**	**25**	**22.3**	**79**
Operating costs	**38.7**	**33**	**52.4**	**46**	**-13.7**	**-26**
Selling expenses	4.6	4	5.3	5	-0.7	-13
General and administration expenses	8.7	7	9.4	8	-0.7	-7
Research and development costs	27.0	23	39.5	35	-12.5	-32
Net other operating (income) and expenses	(1.6)	-1	(1.7)	-2	-0.1	-8

In a yearly comparison, **cost of sales** in H1/2018 decreased to EUR 66.9m (57% of revenues) compared to EUR 85.8m (75% of revenues) in H1/2017. The previous year's figure includes a total of EUR 2.3m write-downs related frozen product lines. The improvement in cost of sales relative to revenues mainly reflects the more favorable product and regional mix. In absolute terms, the quarterly sequential decrease in cost of sales from EUR 35.6m (57% of revenues) in Q1/2018 to EUR 31.3m (57% of revenues) in Q2/2018 was in line with the development of revenues.

Thus, the Company's **gross profit** in H1/2018 was EUR 50.6m (H1/2017: EUR 28.3m), resulting in a gross margin of 43% (H1/2017: 25%). In a quarterly comparison, the gross profit in Q2/2018 decreased sequentially to EUR 23.8m (Q1/2018: EUR 26.8m) in line with revenues. Q2/2018 gross margin was flat compared to the previous quarter at 43% (Q1/2018: 43%; Q2/2017: 24%) due to a favorable product and regional mix, supported by a strengthening US Dollar during the quarter.

Operating costs in H1/2018 of EUR 38.7m were 26% lower year-on-year compared EUR 52.4m in H1/2017, which included restructuring costs of EUR 12.1m from the write downs related to frozen product lines. In a quarterly sequential comparison, operating costs were slightly up to EUR 19.7m compared to EUR 18.9m in Q1/2018 due to some USD/EUR translational effects.

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

Selling expenses in H1/2018 were down 13% year-on-year to EUR 4.6m (H1/2017: EUR 5.3m; Q2/2018: EUR 2.3m; Q2/2017: EUR 2.7m) and thus equaled 4% of revenues (H1/2017: 5%; Q2/2018: 4%; Q2/2017: 4%) which was mainly due to the sale of the ALD/CVD product line in 2017.

In H1/2018, **general and administration expenses** were down year-on-year to EUR 8.7m (H1/2017: EUR 9.4m), as the previous year's figure included legal and other fees related to the sale of the ALD/CVD memory product line as well as other reorganizational measures. In Q2/2018, general and administration expenses were stable sequentially at EUR 4.4m (Q1/2018: EUR 4.3m).

Research and development costs (including the development activities in the area of OLED) in H1/2018 were reduced by -6% year-on-year to EUR 27.0m (H1/2017 adjusted: EUR 28.8m). Sequentially, R&D costs in Q2/2018 at EUR 13.2m were slightly lower compared to EUR 13.7m in Q1/2018 (Q2/2017 adjusted: EUR 14.7m), reflecting the status of R&D projects. The reduction of R&D employees was mainly due to the sale of the ALD/CVD product line in 2017.

A recent example of R&D activities with involvement of AIXTRON is the "ENHANCE" project under the European Union's Horizon 2020 program. The ENHANCE project plans to enable energy harvesters for self-powered automotive sensors. Self-powered automotive sensors mean that they can operate in the wireless mode by utilizing power from the environment, such as vibrations, heat or solar energy available in the cars. The targets include achieving stabilized output voltage with a high-power density and working in temperature ranges from room temperature to 600°C in vehicles. Eventually, the project aims to enable the integration of this advanced technology in future cars at reasonable prices. Within the project, AIXTRON is in charge of modeling and simulation of thin film processes.

Key R&D Information	2018 H1	2017 H1	+/-
R&D expenses (million EUR)	27.0	28.8*	-6%
R&D expenses, % of sales	23	25*	
R&D employees (period average)	201	253	-32%
R&D employees, % of total headcount (period average)	34	36	-20%

* Before write downs of EUR 5.6m for TFOS in Q1/2017 and EUR 5.1m for TFE in Q2/2017

Net other operating income and expenses in the first half-year of 2018 resulted in an income of EUR 1.6m (H1/2017: EUR 1.7m income). In Q2/2018, net other operating income and expenses summed up to EUR 0.3m income (Q1/2018: income of EUR 1.4m). Such income is mainly attributable to R&D grants received in the respective periods and translational effects due to changes in USD/EUR exchange rate related valuations of liabilities.

The H1/2018 **operating result (EBIT)** was up from the adjusted previous year's figure of EUR -9.6m to EUR 12.0m. This development was mainly due to the above-mentioned business and cost development. Compared to the previous quarter, the operating result in Q2/2018 declined to EUR 4.1m (Q1/2018: EUR 7.9m; Q2/2017adjusted: EUR -3.6m).

The **result before taxes** H1/2018 was EUR 12.5m (H1/2017: EUR -23.8m; Q2/2018: EUR 4.3m; Q2/2017: EUR -11.2m;).

The Company's **net result** improved year-on-year from EUR -24.9m in H1/2017 to EUR 16.0m in H1/2018 (H1/2017 adjusted: EUR -10.4m; Q2/2018: EUR 3.7m; Q2/2017: EUR -11.4m). Net Profit in H1/2018 benefitted from a EUR 5m credit of deferred taxes in Q1/2018 resulting from the transition from losses in the past to expected profits in 2018. Tax expenses in Q2/2018 were EUR 0.6m as expected.

5. Financial Position and Net Assets

The Company did not have any **bank borrowings** as of June 30, 2018 or December 31, 2017.

Total equity as of June 30, 2018 increased to EUR 388.0m compared to EUR 368.9m as of December 31, 2017 mainly due to the period's net profit. The **equity ratio** was 80% as of June 30, 2018 (81% as of December 31, 2017).

The AIXTRON Group's **capital expenditures** for the first six months of 2018 amounted to EUR 4.5m (H1/2017: EUR 3.6m), of which EUR 4.2m (H1/2017: EUR 3.3m) related to property, plant and equipment (including testing and laboratory equipment).

Mainly as a result of scheduled payments in conjunction with the sale of the ALD/CVD product line and shipments towards the end of the quarter, AIXTRON reported **cash & cash equivalents** of EUR 234.7m as of June 30, 2018, which are EUR 11.8m lower than the EUR 246.5m recorded on December 31, 2017. Compared to the amount as of March 31, 2018, cash & cash equivalents were higher (March 31, 2018: EUR 223.2 million) reflecting the operational performance including orders received during the period.

Property, plant and equipment was stable at EUR 64.4m as of June 30, 2018 (EUR 64.3m as of December 31, 2017).

Goodwill was stable at EUR 71.6m as per June 30, 2018 compared to EUR 71.2m as per December 31, 2017. There were no impairments in the first half of 2018. The difference was related to exchange rate fluctuations.

Inventories, including raw materials, unfinished and finished goods, increased to EUR 60.1m as per June 30, 2018 (December 31, 2017: EUR 43.0m). This figure is a reflection of the higher order backlog.

Advance payments from customers amounted to EUR 53.2m as of June 30, 2018 compared to EUR 30.3m as of December 31, 2017 reflecting the current order activities.

Trade receivables amounted to EUR 37.7m as of June 30, 2018, compared to EUR 19.3m as of December 31, 2017, representing 54 days sales outstanding mainly due to shipments towards the end of the quarter.

6. Opportunities and Risks

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 sensors for autonomous driving.
- Increased development activities for high performance solar cells made of compound semi-conductors.
- 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 micro LED displays.

A description of the **Opportunities and Risks** of the Company can be found in the chapters “3.2. Risk Report” and “3.3. Opportunities Report“ of the Annual Report 2017 which is publicly available for download on the Company‘s website at http://www.aixtron.com/en/investors/financial-reports/.

During the first six months of 2018, AIXTRON Management was not aware of any further significant additions or changes in the risks as described in the 2017 Annual Report referred to abov

7. Outlook*

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

Accordingly, AIXTRON Management now expects to book total orders between EUR 260 and 290 million (up from EUR 230 to 260 million previously) during 2018. Revenues are expected to be around EUR 260 million (Previous range: EUR 230 to 260 million). Gross margin is expected to be around 40% of revenues (previous range: 35% to 40%) and EBIT margin to be around 10% of revenues (previous range: 5% to 10%). The operating cash flow for the year is expected to be positive.

Further details can be found in chapter „3.1. Expected Developments „ of the Annual Report 2017, which is publicly available for download on the Company‘s website at http://www.aixtron.com/en/investors/financial-reports/.

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

Interim Financial Statements

1. Consolidated Income Statement*

*unaudited

in EUR thousands	H1 2018	H1 2017	+/-
Revenues	117,555	114,149	3,406
Cost of sales	66,908	85,837	-18,929
Gross profit	**50,647**	**28,312**	**22,335**
Selling expenses	4,572	5,267	-695
General administration expenses	8,725	9,376	-651
Research and development costs	26,961	39,461	-12,500
Other operating income	3,114	2,410	704
Other operating expenses	1,506	671	835
Operating expenses	**38,650**	**52,365**	**-13,715**
Operating result	**11,997**	**-24,053**	**36,050**
Finance Income	490	320	170
Finance Expense	4	17	-13
Net Finance Income	**486**	**303**	**183**
Profit or Loss before taxes	**12,483**	**-23,750**	**36,233**
Taxes on income/loss	-3,547	1,142	-4,689
Profit or Loss for the period	**16,030**	**-24,892**	**40,922**
Thereof attributable to the owners of Aixtron SE	**16,030**	**-24,892**	**40,922**
Basic earnings or loss per share (EUR)	0.14	-0.22	0.36
Diluted earnings or loss per share (EUR)	0.14	-0.22	0.36

2. Consolidated Statement of other Comprehensive Income*

*unaudited

in EUR thousands	H1/2018	H1/2017	+/-
Net profit / loss for the period	**16,030**	**-24,892**	**40,922**
Currency translation adjustment	2,360	-5.320	7.680
Other comprehensive income/loss	**2,360**	**-5.320**	**7.680**
Total comprehensive income/loss for the period	**18,390**	**-30.212**	**48.602**

3. Consolidated Statement of Financial Position*

*unaudited

in EUR thousands	**30.06.18**	**31.12.17**
Assets		
Property, plant and equipment	64,413	64,322
Goodwill	71,557	71,229
Other intangible assets	1,679	1,763
Other non-current assets	414	391
Deferred tax assets	8,620	3,588
Total non-current assets	**146,683**	**141,293**
Inventories	60,054	43,021
"Trade receivables less allowance kEUR 225 (2017: kEUR 239)"	37,709	19,289
Current tax receivables	810	171
Other current assets	6,629	4,817
Other financial assets	0	20,000
Cash and cash equivalents	234,708	226,526
Total current assets	**339,910**	**313,824**
Total assets	**486,593**	**455,117**
Liabilities and shareholders' equity		
Fully paid capital, number of shares: 111,837,425 (2017: 111,802,372)	111,837	**111,802**
Additional paid-in capital	373,622	372,912
Accumulated losses	-101,259	-117,289
Accumulated comprehensive income and expense recognised in equity	3,841	1,481
Total shareholders' equity	**388,041**	**368,906**
Other non-current payables	348	345
Other non-current provisions	1,151	1,624
Total non-current liabilities	**1,499**	**1,969**
Trade payables	18,902	14,265
Advance payments from customers	53,182	30,266
Other current provisions	19,194	21,093
Other current liabilities	4,648	15,878
Current tax payables	1,127	2,740
Total current liabilities	**97,053**	**84,242**
Total liabilities	**98,552**	**86,211**
Total liabilities and shareholders' equity	**486,593**	**455,117**

4. Consolidated Statement of Cash Flows*

*unaudited

in EUR thousands	**H1/2018**	**H1/2017**	**+/-**
Cash flow from operating activities			
Profit / Loss for the period	16,030	-24,892	40,922
Reconciliation between profit/loss and cash flow from operating activities			
Expense from share-based payments	745	237	508
Depreciation, amortization and impairment expense	4,472	13,843	-9,371
Net result from disposal of property, plant and equipment	-344	-79	-265
Deferred income taxes	-4,950	126	-5,076
Change in			
Inventories	-16,938	8,590	-25,528
Trade receivables	-17,948	37,209	-55,157
Other assets	-1,453	-2,076	623
Trade payables	4,445	-80	4,525
Provisions and other liabilities	-14,727	4,084	-18,811
Non-current liabilities	-473	-1,568	1,095
Advance payments from customers	22,605	7,949	14,656
Cash flow from operating activities	**-8,536**	**43,343**	**-51,879**
Cash flow from investing activities			
Capital expenditures in property, plant and equipment	-4,161	-3,284	-877
Capital expenditures in intangible assets	-305	-294	-11
Proceeds from disposal of fixed assets	344	547	-203
Bank deposits with a maturity of more than 90 days	20,000	11,752	8,248
Cash flow from investing activities	**15,878**	**8,721**	**7,157**
Effect of changes in exchange rates on cash and cash equivalents	840	-2,828	3,668
Net change in cash and cash equivalents	8,182	49,236	-41,054
Cash and cash equivalents at the beginning of the period	226,526	120,031	106,495
Cash and cash equivalents at the end of the period	**234,708**	**169,267**	**65,441**
Interest paid	0	0	0
Interest received	314	247	67
Income taxes paid	2,682	-534	3,216
Income taxes received	77	471	-394

5. 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
Balance January 1, 2018	111,802	372,912	1,481	-117,289	368,906
Share based payments		745			745
Issue of shares	35	-35			0
Net result for the period				16,030	16,030
Other comprehensive income			2,360		2,360
Total comprehensive income for the period			2,360	16,030	18,390
Balance June 30, 2018	111,837	373,622	3,841	-101,259	388,041

Balance January 1, 2017	111,657	373,452	10,160	-125,528	369,741
Share based paymentst		237			237
Issue of shares	0	0			0
Net result for the period				-24,892	-24,892
Other comprehensive income			-5,320		-5,320
Total comprehensive loss for the period			-5,320	-24,892	-30,212
Balance June 30, 2017	111,657	373,689	4,840	-150,420	339,766

Additional Disclosures

1. 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, 2017.

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., California (USA); AIXTRON Ltd., Cambridge (United Kingdom); APEVA Co Ltd., Hwasung (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).

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

2. 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	**H1/2018**	58,989	35,355	23.211	117,555
	H1/2017	94,298	8,711	11,140	114,149
Segment assets (property, plant and equipment)	**30/06/18**	332	63,809	272	64,413
	31/12/17	388	63,838	96	64,322

3. Stock Option Plans

As of June 30, 2018, 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, 2018	Exercised	Expired/Forfeited	Allocation	Dec 31, 2017
Stock options	1,385,140	0	148,625	0	1,533,765
Underlying shares	1,385,140	0	148,625	0	1,533,765

4. Employees

The total number of employees decreased from 693 on June 30, 2017 to 600 persons on June 30, 2018.

Employees by Region	2018		2017		+/-	
	Jun-30	%	Jun-30	%	abs.	%
Asia	95	16	112	16	-17	-15
Europe	473	79	453	66	20	4
USA	32	5	128	18	-96	-75
Total	**600**	**100**	**693**	**100**	**-93**	**-13**

5. Management

The term of office of Prof. Dr. Rüdiger von Rosen as Supervisory Board member of AIXTRON SE ended at the end of the General Meeting on May 16, 2018. No new Supervisory Board member was elected. Instead, the Annual General Meeting decided to reduce the size of the Supervisory Board from six to five members.

There were no further changes in the composition of the Management and Supervisory Boards as of June 30, 2018 as against December 31, 2017.

6. Related Party Transactions

During the reporting period, AIXTRON did not initiate or conclude any material transactions with related parties.

7. Post-Balance Sheet Date Events

There were no known events after June 30, 2018 with a potentially significant effect on AIXTRON's results of operation or financial position.

Responsibility Statement

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, 2018 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 26, 2018

AIXTRON SE
Executive Board