

Quarterly statement Q3 2018

July 1 to September 30, 2018

Elmos increases sales and profitability in Q3 2018

“We are satisfied with the year to date. Demand for both existing and new products from customers has been very pleasing, but also challenging. We will intensify the measures taken in recent months to further strengthen the organization and its capabilities. This will prepare the company for the next steps in its further development,” says Dr. Anton Mindl, CEO of Elmos Semiconductor AG.

Key figures

| in million Euro unless otherwise indicated | Q3 2018 | Q3 2017 | Change | 9M 2018 | 9M 2017 | Change |
|---|------------------|------------------|---------------|------------------|-------------------|---------------|
| Sales | 69.4 | 61.6 | 12.6% | 202.0 | 181.9 | 11.1% |
| Gross profit | 32.6 | 27.5 | 18.5% | 88.2 | 77.3 | 14.2% |
| in % of sales | 47.0% | 44.7% | | 43.7% | 42.5% | |
| Research and development expenses | 9.2 | 7.5 | 23.3% | 25.6 | 26.0 | -1.7% |
| in % of sales | 13.3% | 12.1% | | 12.7% | 14.3% | |
| Operating income | 13.7 | 10.3 | 32.5% | 32.4 | 21.6 | 49.9% |
| in % of sales | 19.7% | 16.8% | | 16.1% | 11.9% | |
| EBIT | 14.0 | 10.3 | 36.2% | 34.1 | 21.2 | 61.2% |
| in % of sales | 20.2% | 16.7% | | 16.9% | 11.6% | |
| Consolidated net income after non-controlling interests | 9.8 | 7.1 | 37.8% | 23.3 | 14.3 | 62.2% |
| in % of sales | 14.2% | 11.6% | | 11.5% | 7.9% | |
| Earnings per share (basic) in Euro | 0.50 | 0.36 | 37.0% | 1.18 | 0.73 | 62.3% |
| | 9/30/2018 | 6/30/2018 | Change | 9/30/2018 | 12/31/2017 | Change |
| Total assets | 344.7 | 329.1 | 4.7% | 344.7 | 336.9 | 2.3% |
| Shareholders' equity | 255.0 | 245.0 | 4.1% | 255.0 | 240.1 | 6.2% |
| in % of total assets | 74.0% | 74.4% | | 74.0% | 71.3% | |
| Financial liabilities | 40.7 | 40.6 | 0.1% | 40.7 | 51.2 | -20.5% |
| Liquid assets and securities | 66.1 | 57.2 | 15.5% | 66.1 | 84.4 | -21.7% |
| Net cash | 25.4 | 16.6 | 53.2% | 25.4 | 33.2 | -23.5% |
| | Q3 2018 | Q3 2017 | Change | 9M 2018 | 9M 2017 | Change |
| Operating cash flow | 21.5 | 12.1 | 78.0% | 39.5 | 25.7 | 53.4% |
| Capital expenditures | 9.3 | 8.7 | 6.8% | 29.7 | 22.2 | 33.9% |
| in % of sales | 13.5% | 14.2% | | 14.7% | 12.2% | |
| Adjusted free cash flow | 9.1 | 0.9 | >100.0% | 0.9 | -0.7 | n/a |

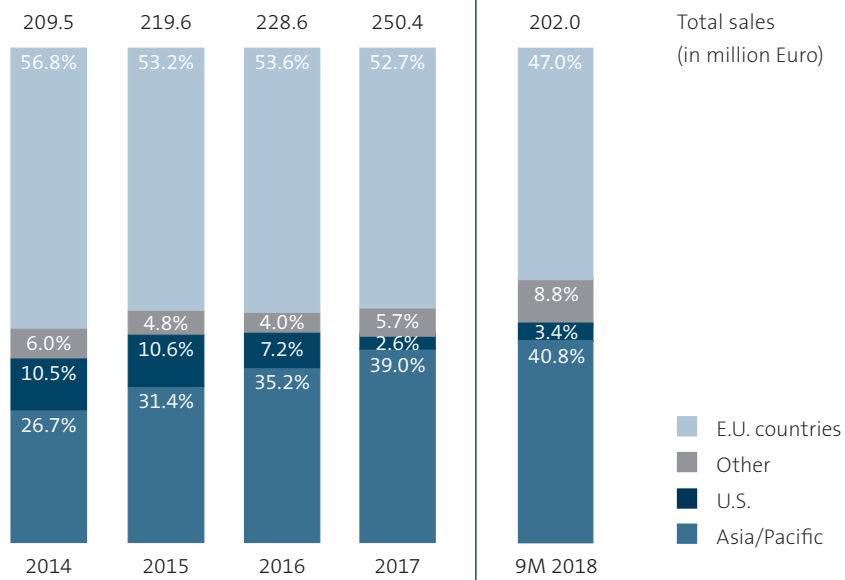
Definition of selected financial indicators

- Capital expenditures: Capital expenditures for intangible assets and property, plant and equipment less capitalized development expenses
- Adjusted free cash flow: Cash flow from operating activities less capital expenditures for/plus disposal of intangible assets and property, plant and equipment

Profit, financial positions as well as assets and liabilities

- > Significant increase in sales and the quality of earnings in Q3. Earnings per share for the year to date approximately 60% higher than in the prior year.
- > The Semiconductor segment's ratio of orders received to sales, known as the book-to-bill ratio, was above one at the end of the reporting period.
- > The expansion of operational resources was lower than sales growth.
- > Further expansion of development capacities is planned.
- > The effect of capitalization of development costs was almost constant in each quarter over the course of the year.
- > The investments primarily relate to the expansion of testing capacities.
- > Increased inventories serve the purpose of further business development.
- > Adjusted free cash flow amounted to 9 million Euro despite the high level of investment.

Sales by region



-> Asia grew disproportionately again.

-> Other changes to the regional distribution of sales were primarily due to changes in delivery addresses.

Segment reporting

| in thousand Euro | Semiconductor | | Micromechanics | | Consolidation | | Group | |
|-------------------------------------|---------------|---------------|----------------|--------------|---------------|-------------|---------------|---------------|
| | Q3 2018 | Q3 2017 | Q3 2018 | Q3 2017 | Q3 2018 | Q3 2017 | Q3 2018 | Q3 2017 |
| Third-party sales | 62,337 | 57,134 | 7,053 | 4,501 | 0 | 0 | 69,389 | 61,635 |
| Inter-segment sales | 14 | 108 | 336 | 491 | -350 | -599 | 0 | 0 |
| Total sales | 62,351 | 57,242 | 7,389 | 4,992 | -350 | -599 | 69,389 | 61,635 |
| Segment earnings (EBIT) | 12,544 | 10,063 | 1,496 | 248 | 0 | 0 | 14,041 | 10,311 |
| Earnings attributable to associates | | | | | | | 0 | -88 |
| Finance income | | | | | | | 158 | 248 |
| Finance expense | | | | | | | -465 | -741 |
| Earnings before taxes | | | | | | | 13,735 | 9,730 |
| Income tax | -3,838 | -2,712 | -125 | 53 | 0 | 0 | -3,963 | -2,659 |
| Consolidated net income | | | | | | | 9,772 | 7,071 |

-> Both segments contributed to the positive development in the reporting period.

-> The Micromechanics segment is subject to greater volatility compared to the Semiconductor segment due to the smaller absolute size of the business.

Guidance update report

| Fiscal year 2018 | As of 10/16/2018 | As of 2/15/2018 |
|---|------------------|-----------------|
| Sales growth in 2018 (vs. 2017) | 8% to 12% | 8% to 12% |
| EBIT margin | 17% to 19% | 13% to 17% |
| Capital expenditures (in % of sales) ¹ | <15% | <15% |
| Adjusted free cash flow ² | Negative | Negative |
| Assumed exchange rate | 1.20 USD/EUR | 1.20 USD/EUR |

¹ Capital expenditures for intangible assets and property, plant and equipment less capitalized development expenses

² Cash flow from operating activities less capital expenditures for/plus disposal of intangible assets and property, plant and equipment

- > The EBIT margin guidance for 2018 was increased when the preliminary financial figures were released on October 16, 2018: EBIT of between 17% and 19% of sales is expected (previously: between 13% and 17%).
- > That is due to the positive development of business, particularly in Q3 2018, and current expectations for the rest of the year.
- > All other guidance indicators were confirmed.

Financial calendar

| Fiscal year 2018 | |
|--|-----------------------|
| Quarterly results Q3/2018 ¹ | 11/7/2018 |
| Equity Forum in Frankfurt | 11/26/2018-11/27/2018 |
| Fiscal year 2019 | |
| Preliminary results 2018 ¹ | 2/14/2019 |
| Final results 2018 ¹ | 3/14/2019 |
| Quarterly results Q1/2019 ¹ | 5/8/2019 |
| Annual General Meeting in Dortmund | 5/15/2019 |
| Quarterly results Q2/2019 ¹ | 8/1/2019 |
| Quarterly results Q3/2019 ¹ | 11/6/2019 |

¹The German Securities Trading Act ("Wertpapierhandelsgesetz") and the Market Abuse Regulation (EU) oblige issuers to announce immediately any information which may have a substantial price impact, irrespective of the communicated schedules. It is therefore possible that we will announce key figures of quarterly and annual results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them in advance on the website (www.elmos.com).

Condensed consolidated statement of financial position

| Assets in thousand Euro | 9/30/2018 | 12/31/2017 |
|-------------------------------|----------------|----------------|
| Intangible assets | 29,323 | 23,366 |
| Property, plant and equipment | 115,079 | 100,142 |
| Investments in associates | 0 | 787 |
| Securities | 21,518 | 40,122 |
| Investments | 20 | 20 |
| Other financial assets | 4,104 | 6,354 |
| Deferred tax assets | 1,710 | 2,111 |
| Non-current assets | 171,755 | 172,902 |
| Inventories | 70,950 | 65,052 |
| Trade receivables | 42,644 | 44,391 |
| Securities | 15,205 | 11,868 |
| Other financial assets | 4,152 | 2,019 |
| Other receivables | 9,633 | 7,881 |
| Income tax assets | 1,046 | 450 |
| Cash and cash equivalents | 29,341 | 32,367 |
| Current assets | 172,971 | 164,028 |
| Total assets | 344,726 | 336,930 |

| Liabilities in thousand Euro | 9/30/2018 | 12/31/2017 |
|--|----------------|----------------|
| Share capital | 20,104 | 20,104 |
| Treasury shares | -325 | -414 |
| Additional paid-in capital | 85,331 | 85,093 |
| Surplus reserve | 102 | 102 |
| Other equity components | -122 | -1,529 |
| Retained earnings | 149,466 | 136,177 |
| Equity attributable to owners of the parent | 254,556 | 239,532 |
| Non-controlling interests | 460 | 588 |
| Shareholders' equity | 255,016 | 240,120 |
| Provisions for pensions | 0 | 412 |
| Financial liabilities | 40,000 | 40,765 |
| Deferred tax liabilities | 5,392 | 3,246 |
| Non-current liabilities | 45,392 | 44,424 |
| Provisions | 15,446 | 12,875 |
| Income tax liabilities | 7,611 | 4,088 |
| Financial liabilities | 674 | 10,398 |
| Trade payables | 17,098 | 22,803 |
| Other liabilities | 3,491 | 2,223 |
| Current liabilities | 44,319 | 52,386 |
| Liabilities | 89,710 | 96,810 |
| Total assets | 344,726 | 336,930 |

Condensed consolidated income statement

| in thousand Euro | Q3 2018 | Q3 2017 | 9M 2018 | 9M 2017 |
|--|---------------|---------------|----------------|----------------|
| Sales | 69,389 | 61,635 | 202,009 | 181,902 |
| Cost of sales | -36,760 | -34,105 | -113,772 | -104,626 |
| Gross profit | 32,629 | 27,530 | 88,237 | 77,276 |
| Research and development expenses | -9,217 | -7,473 | -25,590 | -26,022 |
| Distribution expenses | -4,893 | -5,035 | -15,083 | -15,322 |
| Administrative expenses | -4,815 | -4,676 | -15,132 | -14,300 |
| Operating income before other operating expenses (-)/income | 13,704 | 10,346 | 32,432 | 21,632 |
| Exchange rate gains/losses (-) | -101 | -400 | 151 | -1,427 |
| Other operating income | 616 | 723 | 2,595 | 1,821 |
| Other operating expenses | -178 | -358 | -1,063 | -861 |
| Earnings before interest and taxes (EBIT) | 14,041 | 10,311 | 34,114 | 21,166 |
| Earnings attributable to associates | 0 | -88 | -787 | -270 |
| Finance income | 158 | 248 | 673 | 860 |
| Finance expense | -465 | -741 | -1,339 | -2,516 |
| Earnings before taxes | 13,735 | 9,730 | 32,660 | 19,240 |
| Income tax | -3,963 | -2,659 | -9,519 | -5,124 |
| thereof current income tax | -3,162 | -1,955 | -7,283 | -4,267 |
| thereof deferred tax | -801 | -704 | -2,236 | -857 |
| Consolidated net income | 9,772 | 7,071 | 23,142 | 14,116 |
| thereof attributable to owners of the parent | 9,819 | 7,123 | 23,257 | 14,337 |
| thereof attributable to non-controlling interests | -47 | -52 | -116 | -221 |
| Earnings per share | Euro | Euro | Euro | Euro |
| Basic earnings per share | 0.50 | 0.36 | 1.18 | 0.73 |
| Fully diluted earnings per share | 0.49 | 0.36 | 1.17 | 0.72 |

Condensed consolidated statement of cash flows

| in thousand Euro | Q3 2018 | Q3 2017 | 9M 2018 | 9M 2017 |
|---|---------------|----------------|----------------|----------------|
| Consolidated net income | 9,771 | 7,071 | 23,141 | 14,116 |
| Depreciation and amortization | 6,730 | 6,090 | 19,482 | 18,046 |
| Financial result | 456 | 400 | 1,173 | 1,076 |
| Other non-cash expense/income (-) | 801 | 704 | 1,563 | 857 |
| Changes in net working capital | 924 | -3,205 | -8,873 | -6,429 |
| Taxes | 2,870 | 902 | 2,927 | -1,989 |
| Other changes | -11 | 140 | 88 | 69 |
| Cash flow from operating activities | 21,541 | 12,102 | 39,501 | 25,746 |
| Capital expenditures for intangible assets | -3,479 | -2,823 | -11,226 | -5,467 |
| Capital expenditures for property, plant and equipment | -9,105 | -8,398 | -27,665 | -21,288 |
| Disposal of non-current assets | 174 | 48 | 325 | 260 |
| Disposal of/Payments for (-) securities | 5,755 | 2,500 | 14,812 | -2,099 |
| Payments for (-)/from other non-current financial assets | -110 | -100 | -332 | 158 |
| Disposal of non-current assets held for sale | 0 | 0 | 0 | 23 |
| Cash flow from investing activities | -6,765 | -8,773 | -24,086 | -28,413 |
| Repayment (-)/borrowing of liabilities | -109 | -15,110 | -10,328 | 24,693 |
| Share-based payment/issue of treasury shares | -134 | 48 | -1,278 | 1,723 |
| Repurchase of treasury shares | 0 | 0 | 0 | -9,672 |
| Dividend distribution | 0 | 0 | -7,906 | -6,912 |
| Other changes | 1 | -26 | 279 | -48 |
| Cash flow from financing activities | -241 | -15,088 | -19,232 | 9,784 |
| Increase/decrease (-) in cash and cash equivalents | 14,536 | -11,759 | -3,816 | 7,117 |
| Effects of exchange rate changes on cash and cash equivalents | 188 | -437 | 790 | -1,427 |
| Cash and cash equivalents at beginning of reporting period | 14,618 | 60,997 | 32,367 | 43,110 |
| Cash and cash equivalents at end of reporting period | 29,341 | 48,801 | 29,341 | 48,801 |

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Notice

This document is a quarterly statement under Section 51a of the exchange rules for the Frankfurt Stock Exchange. Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.).

Forward-looking statements

This report contains statements directed to the future that are based on assumptions and estimates made by the management of Elmos. Even though we assume the underlying expectations of our statements to be realistic, we cannot guarantee these expectations will prove right. The assumptions may carry risks and uncertainties, and as a result actual events may differ materially from the current statements made with respect to the future. Among the factors that could cause material differences are changes in general economic and business conditions, changes in exchange and interest rates, the introduction of competing products, lack of acceptance of new products, and changes in business strategy. Elmos neither intends nor assumes any obligation to update its statements with respect to future events.

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