

Quarterly statement Q1 2018

January 1 to March 31, 2018

Positive start to the year – guidance confirmed

Sales +4.5% / EBIT margin: 12.4%

“The year began in line with our expectations. The order situation remains good and puts us in a positive frame for the quarters ahead. Our products are convincing on the market,” says Dr. Anton Mindl, CEO of Elmos Semiconductor AG.

Key figures

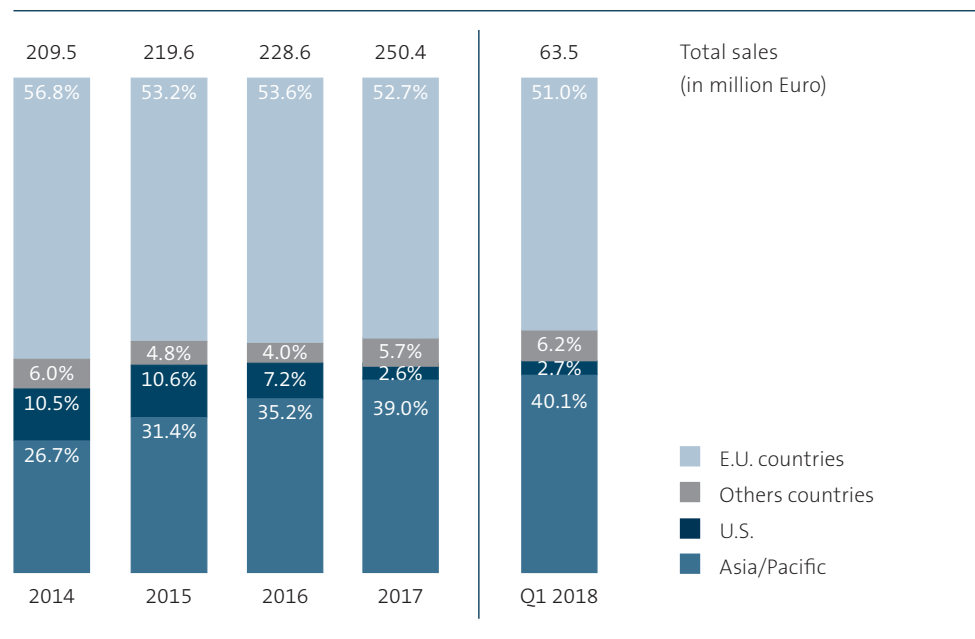
in million Euro unless otherwise indicated	Q1 2018	Q1 2017	Change
Sales	63.5	60.8	4.5%
Gross profit	25.7	24.7	4.1%
in % of sales	40.5%	40.7%	
Research and development expenses	7.8	9.7	-19.8%
in % of sales	12.3%	16.0%	
Operating income	7.7	4.6	64.8%
in % of sales	12.1%	7.6%	
EBIT	7.9	4.7	68.1%
in % of sales	12.4%	7.7%	
Consolidated net income after non-controlling interests	5.4	2.9	86.3%
in % of sales	8.6%	4.8%	
Earnings per share (basic) in Euro	0.28	0.15	88.0%
	3/31/2018	12/31/2017	Change
Total assets	339.8	336.9	0.9%
Shareholders' equity	244.2	240.1	1.7%
in % of total assets	71.9%	71.3%	
Financial liabilities	51.2	51.2	0.1%
Cash, cash equivalents and marketable securities	75.7	84.4	-10.3%
Net cash	24.5	33.2	-26.3%
	Q1 2018	Q1 2017	Change
Operating cash flow	4.5	8.6	-47.3%
Capital expenditures	9.0	7.1	26.5%
in % of sales	14.2%	11.8%	
Adjusted free cash flow	-7.1	1.4	n/a

Definition of selected financial indicators

- Adjusted free cash flow: Cash flow from operating activities less capital expenditures for/plus disposal of intangible assets and property, plant and equipment
- Capital expenditures: Capital expenditures for intangible assets and property, plant and equipment less capitalized development expenses (prior-year figures adjusted according to new definition)
- Please refer to the Annual Report 2017 of Elmos Semiconductor AG at www.elmos.com for more details on the key figures used.

- > The positive sales performance is being supported by all three product lines.
- > 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 capitalization of development expenses in the amount of around 2.6 million Euro continues to have a contrary effect on the cost side compared to the general increase in research and development resources.
- > Capital expenditures were primarily related to the further expansion of test operations.
- > The adjusted free cash flow was negatively impacted by the high capital expenditures, among other factors.

Sales by region



-> The regional sales split remains almost unchanged.

Segment reporting

in thousand Euro	Semiconductor		Micromechanics		Consolidation		Group	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Sales with third parties	58,866	55,851	4,638	4,932	0	0	63,504	60,783
Inter-segment sales	62	117	190	475	-252	-592	0	0
Total sales	58,928	55,968	4,828	5,407	-252	-592	63,504	60,783
Segment earnings (EBIT)	7,617	4,164	244	513	0	0	7,861	4,677
Share in net income of associates							-132	-109
Finance income							233	314
Finance expenses							-294	-849
Earnings before taxes							7,667	4,034
Income tax	-2,279	-1,002	49	-55	0	0	-2,230	-1,057
Consolidated net income							5,437	2,976

-> At the start of the year, the positive sales and earnings development was supported by the Semiconductor segment.

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

Outlook

Fiscal year 2018	As of 2/15/2018
Sales growth in 2018 (vs. 2017)	8% to 12%
EBIT margin	13% to 17%
Capital expenditures (in % of sales) ¹	<15%
Adjusted free cash flow ²	Negative
Assumed exchange rate	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 guidance issued in February 2018 is confirmed. Continued good economic conditions are the prerequisite for this guidance.
- > Investments in growth will continue to be driven forward in 2018.
- > The Supervisory Board and the Management Board will propose an increase in the dividend to 0.40 Euro per share at the Annual General Meeting on May 16, 2018 (previous year: 0.35 Euro per share).

Financial calendar

Fiscal year 2018	
Quarterly results Q1/2018 ¹	May 8, 2018
Annual General Meeting in Dortmund	May 16, 2018
Quarterly results Q2/2018 ¹	August 2, 2018
Quarterly results Q3/2018 ¹	November 7, 2018
Equity Forum in Frankfurt	November 26-27, 2018

¹ The 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. Therefore, we cannot rule out having to announce key figures of quarterly and fiscal year 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	3/31/2018	12/31/2017
Intangible assets	25,062	23,366
Property, plant and equipment	106,194	100,142
Investments in associates	655	787
Securities	33,553	40,122
Investments	20	20
Other financial assets	6,465	6,354
Deferred tax assets	2,092	2,111
Non-current assets	174,042	172,902
Inventories	66,070	65,052
Trade receivables	40,530	44,391
Securities	16,313	11,868
Other financial assets	1,967	2,019
Other receivables	13,621	7,881
Income tax assets	1,470	450
Cash and cash equivalents	25,815	32,367
Current assets	165,786	164,028
Total assets	339,828	336,930

Equity and liabilities in thousand Euro	3/31/2018	12/31/2017
Share capital	20,104	20,104
Treasury shares	-339	-414
Additional paid-in capital	85,082	85,093
Surplus reserve	102	102
Other equity components	-1,971	-1,529
Retained earnings	140,628	136,177
Equity attributable to owners of the parent	243,606	239,532
Non-controlling interests	590	588
Shareholders' equity	244,196	240,120
Provisions for pensions	372	412
Financial liabilities	40,656	40,765
Deferred tax liabilities	3,767	3,246
Non-current liabilities	44,795	44,424
Provisions	16,101	12,875
Income tax liabilities	4,057	4,088
Financial liabilities	10,560	10,398
Trade payables	15,327	22,803
Other liabilities	4,793	2,223
Current liabilities	50,838	52,386
Liabilities	95,633	96,810
Total assets	339,828	336,930

Condensed consolidated income statement

in thousand Euro	Q1 2018	Q1 2017
Sales	63,504	60,783
Cost of sales	-37,790	-36,072
Gross profit	25,714	24,710
Research and development expenses	-7,792	-9,710
Distribution expenses	-5,248	-5,353
Administrative expenses	-5,020	-5,004
Operating income before other operating expenses (-)/income	7,654	4,643
Exchange rate losses	-423	-245
Other operating income	849	494
Other operating expenses	-219	-214
Earnings before interest and taxes (EBIT)	7,861	4,677
Share in net income of associates	-132	-109
Finance income	233	314
Finance costs	-294	-849
Earnings before taxes	7,667	4,034
Taxes on income	-2,230	-1,057
of which current income tax	-1,664	-1,268
of which deferred tax	-566	210
Consolidated net income	5,437	2,976
of which attributable to owners of the parent	5,436	2,918
of which attributable to non-controlling interests	1	59
Earnings per share	Euro	Euro
Basic earnings per share	0.28	0.15
Fully diluted earnings per share	0.27	0.15

Condensed consolidated statement of cash flows

in thousand Euro	Q1 2018	Q1 2017
Consolidated net income	5,437	2,976
Depreciation and amortization	5,956	6,041
Financial result	194	644
Other non-cash expense/income (-)	566	-210
Changes in net working capital	-6,733	513
Taxes	-1,051	-1,152
Other changes	150	-231
Cash flow from operating activities	4,519	8,581
Capital expenditures for intangible assets and property, plant and equipment	-11,663	-7,389
Disposal of intangible assets and property, plant and equipment	29	171
Disposal of/Payments for (-) securities	1,992	-3,172
Payments for other non-current financial assets	-111	-122
Cash flow from investing activities	-9,753	-10,512
Repayment of liabilities	-108	-109
Share-based remuneration/Issue of treasury shares	-985	1,087
Repurchase of treasury shares	0	-4,816
Other changes	-4	-14
Cash flow from financing activities	-1,097	-3,852
Decrease in cash and cash equivalents	-6,331	-5,783
Effects of exchange rate changes on cash and cash equivalents	-222	-97
Cash and cash equivalents at beginning of reporting period	32,367	43,110
Cash and cash equivalents at end of reporting period	25,815	37,230

Contact

Thalea Willms | Investor Relations

Phone: + 49 (0) 231-75 49-273

Fax: + 49 (0) 231-75 49-111

invest@elmos.com

Elmos Semiconductor AG

Heinrich-Hertz-Straße 1

44227 Dortmund | Germany

Phone: + 49 (0) 231-75 49-0

Fax: + 49 (0) 231-75 49-149

info@elmos.com | www.elmos.com

Notice

This document is a quarterly statement in accordance with Section 51a Rules and Regulations for the Frankfurter Wertpapierbörse (Börsenordnung für die Frankfurter Wertpapierbörse). For mathematical reasons, tables and references may contain rounding differences to the exact figures (currency units, percentages, etc.).

Forward-looking statements

This report contains forward-looking statements that are based on assumptions and estimates made by the Elmos management. 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 forward-looking statements. Among the factors that could cause such differences are changes in general economic and business conditions, fluctuations of exchange rates 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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