

elmos[®]

The Next Smart Device:
The Car!

Quarterly statement Q3 2017

July 1 to September 30, 2017

Further growth and improved profitability

Sales +9.3% to 61.6 million Euro

“Demand for Elmos products remains positive. Over the course of the year, Elmos has launched significant initiatives and capital expenditures in order to prepare for further growth,” says Dr. Anton Mindl, CEO of Elmos Semiconductor AG.

KEY FIGURES

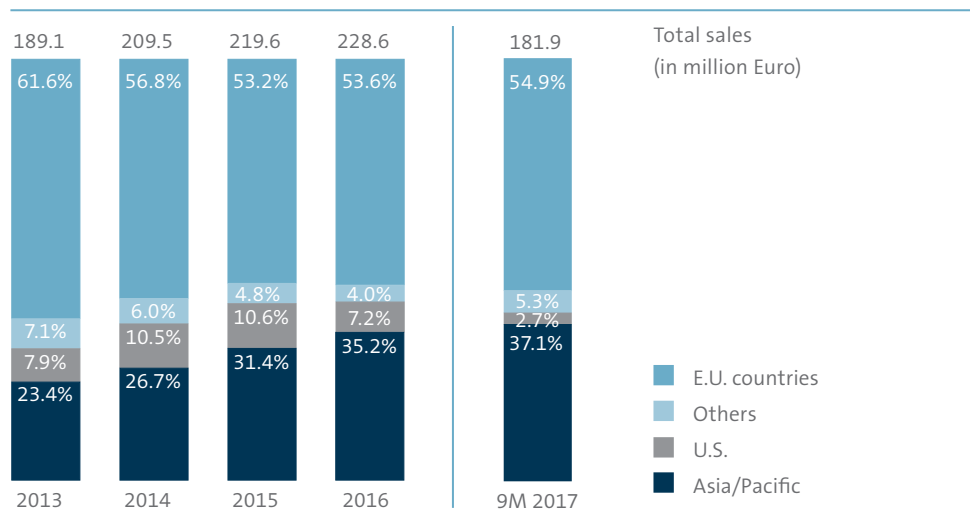
in million Euro or %	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
Sales	61.6	56.4	9.3%	181.9	165.1	10.2%
Gross profit	27.5	24.4	12.9%	77.3	67.3	14.8%
in % of sales	44.7%	43.2%		42.5%	40.8%	
R&D expenses	7.5	8.5	-12.6%	26.0	26.9	-3.2%
in % of sales	12.1%	15.2%		14.3%	16.3%	
Operating income before other operating expenses (-)/income	10.3	6.1	68.6%	21.6	11.1	95.0%
in % of sales	16.8%	10.9%		11.9%	6.7%	
EBIT	10.3	6.3	63.3%	21.2	11.9	78.1%
in % of sales	16.7%	11.2%		11.6%	7.2%	
Consolidated net income after non-controlling interests	7.1	4.1	75.0%	14.3	7.7	85.4%
in % of sales	11.6%	7.2%		7.9%	4.7%	
Basic earnings per share in Euro	0.36	0.21	76.2%	0.73	0.39	85.3%
	9/30/2017	6/30/2017	Change	9/30/2017	12/31/2016	Change
Total assets	334.7	337.4	-0.8%	334.7	312.9	7.0%
Shareholders' equity	229.6	222.8	3.1%	229.6	231.6	-0.8%
in % of total assets	68.6%	66.0%		68.6%	74.0%	
Financial liabilities	61.1	76.1	-19.6%	61.1	36.2	68.9%
Cash, cash equivalents and marketable securities	99.0	113.8	-13.0%	99.0	91.6	8.1%
Net cash	37.9	37.7	0.5%	37.9	55.4	-31.7%
	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
Operating cash flow	12.1	12.0	0.5%	25.7	20.2	27.8%
Capital expenditures	8.7	2.0	>100%	22.2	18.6	19.7%
in % of sales	14.2%	3.5%		12.2%	11.2%	
Adjusted free cash flow	0.9	9.8	-90.5%	-0.7	0.7	n/a

Definition of selected financial indicators

- Adjusted free cash flow: Cash flow from operating activities less capital expenditures for/plus disposals 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 in accordance with new definition)
- Please refer to the Annual Report 2016 of Elmos Semiconductor AG at www.elmos.com for more details on the key figures used.

- > Positive sales and earnings development year on 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 capitalization of development expenses has an opposite effect on the cost side compared to the general increase in research and development resources.
- > The better gross profit and lower research and development expenses are both reflected in EBIT for the third quarter of 2017.
- > A loan of 15 million Euro was paid back on schedule in the reporting period.
- > Capital expenditures for intangible assets and property, plant and equipment were largely used for the further expansion of testing and had a negative effect on adjusted free cash flow, as did the inventory build-up.
- > In the reporting period, the Management Board of Elmos and the Fraunhofer Institute for Microelectronic Circuits and Systems (IMS) in Duisburg, Germany, agreed to extend the existing cooperation and research contract for 18 months, starting in January 2018.

SALES BY REGION



- > Whereas Europe continues to grow in line with overall sales, Asia saw disproportionately high growth in the reporting period, as it has since the start of the year.
- > Low sales in the United States were largely due to changes in delivery addresses.

SEGMENT REPORTING

in thousand Euro	Semiconductor		Micromechanics		Consolidation		Group	
	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Sales								
Sales with third parties	57,134	50,690	4,501	5,695	0	0	61,635	56,385
Inter-segment sales	108	47	491	608	-599	-655	0	0
Total sales	57,242	50,737	4,992	6,303	-599	-655	61,635	56,385
Result								
Segment earnings (EBIT)	10,063	5,649	248	663	0	0	10,311	6,312
Earnings attributable to associates							-88	-145
Finance income							248	446
Finance costs							-741	-726
Earnings before taxes							9,730	5,888
Income tax	-2,712	-1,627	53	-81	0	0	-2,659	-1,708
Consolidated net income							7,071	4,180

- > In the third quarter of 2017, the Semiconductor segment made a particularly strong contribution to the positive development of sales and earnings.
- > The development of the Micromechanics segment is subject to greater volatility compared to the Semiconductor segment due to the smaller absolute size of the business.

FORECAST

Fiscal year 2017	As of July 25, 2017	As of February 15, 2017
Sales growth in 2017 (vs. 2016)	Growth in upper single-digit percentage range	Growth in upper single-digit percentage range
EBIT margin (in % of sales)	>12%	Slightly better than in 2016 (2016: 10.1%)
Capital expenditures (in % of sales)	<15% ¹	<12% ²
Adjusted free cash flow	Negative	Positive
Assumed USD/EUR exchange rate	1.10 USD/EUR	1.10 USD/EUR

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

²Capital expenditures for intangible assets and property, plant and equipment

-> The forecast announced on July 25, 2017, and stated in the Interim Report 2017 is confirmed on the basis of current findings and development over the first nine months of the year.

FINANCIAL CALENDAR

Quarterly results Q3/2017 ¹	November 8, 2017
Equity Forum in Frankfurt	November 27-28, 2017
Preliminary results 2017 ¹	February 15, 2018
Final results 2017 ¹	March 14, 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

¹The German Securities Trading Act (Wertpapierhandelsgesetz) and the Market Abuse Regulation oblige issuers to announce any information that may have a substantial price impact immediately, irrespective of the financial calendar. 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 dates and news frequently and ahead of schedule (www.elmos.com).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets in thousand Euro	9/30/2017	12/31/2016
Non-current assets		
Intangible assets	20,986	19,572
Property, plant and equipment	95,583	86,568
Investments in associates	1,697	1,967
Securities	41,322	42,856
Investments	20	20
Other financial assets	3,515	3,699
Deferred tax assets	1,659	1,882
Total non-current assets	164,782	156,564
Current assets		
Inventories	64,774	58,602
Trade receivables	36,991	39,137
Securities	8,903	5,678
Other financial assets	896	1,463
Other receivables	8,894	7,705
Income tax assets	284	235
Cash and cash equivalents	48,801	43,110
	169,542	155,930
Non-current assets held for sale	413	436
Total current assets	169,955	156,366
Total assets	334,738	312,930

Equity and liabilities in thousand Euro	9/30/2017	12/31/2016
Equity		
Equity attributable to owners of the parent		
Share capital	20,104	20,104
Treasury shares	-441	-193
Additional paid-in capital	84,859	92,444
Surplus reserve	102	102
Other equity components	-1,113	204
Retained earnings	125,567	118,142
	229,078	230,803
Non-controlling interests	548	778
Total equity	229,626	231,581
Liabilities		
Non-current liabilities		
Provisions for pensions	386	477
Financial liabilities	40,874	11,202
Deferred tax liabilities	2,484	1,769
Total non-current liabilities	43,744	13,448
Current liabilities		
Provisions	13,861	12,035
Income tax liabilities	355	2,295
Financial liabilities	20,258	25,000
Trade payables	22,665	24,944
Other liabilities	4,228	3,627
Total current liabilities	61,367	67,900
Total liabilities	105,111	81,349
Total assets	334,738	312,930

CONDENSED CONSOLIDATED INCOME STATEMENT

in thousand Euro	Q3 2017	Q3 2016	9M 2017	9M 2016
Sales	61,635	56,385	181,902	165,108
Cost of sales	-34,105	-32,008	-104,626	-97,770
Gross profit	27,530	24,377	77,276	67,338
Research and development expenses	-7,473	-8,549	-26,022	-26,896
Distribution expenses	-5,035	-5,006	-15,322	-14,916
Administrative expenses	-4,676	-4,686	-14,300	-14,433
Operating income before other operating expenses (-)/ income	10,346	6,136	21,632	11,093
Exchange rate losses (-)/gains	-400	-159	-1,427	-349
Other operating income	723	582	1,821	2,068
Other operating expenses	-358	-246	-861	-928
Earnings before interest and taxes (EBIT)	10,311	6,312	21,166	11,884
Earnings attributable to associates	-88	-145	-270	-258
Finance income	248	446	860	1,449
Finance expense	-741	-726	-2,516	-2,005
Earnings before taxes	9,730	5,888	19,240	11,071
Taxes on income				
Current income tax	-1,955	-1,442	-4,267	-3,584
Deferred tax	-704	-266	-857	621
	-2,659	-1,708	-5,124	-2,963
Consolidated net income	7,071	4,180	14,116	8,108
Consolidated net income attributable to				
Owners of the parent	7,123	4,069	14,337	7,732
Non-controlling interests	-52	110	-221	376
Earnings per share	Euro	Euro	Euro	Euro
Basic earnings per share	0.36	0.21	0.73	0.39
Fully diluted earnings per share	0.36	0.20	0.72	0.39

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

in thousand Euro	Q3 2017	Q3 2016	9M 2017	9M 2016
Consolidated net income	7,071	4,180	14,116	8,108
Depreciation and amortization	6,090	7,275	18,046	21,836
Financial result	400	288	1,076	474
Other non-cash expense/income (-)	704	266	857	-621
Changes in net working capital	-3,205	526	-6,429	-3,517
Taxes	902	-388	-1,989	-6,221
Other changes	140	-107	69	94
Cash flow from operating activities	12,102	12,040	25,746	20,153
Capital expenditures for intangible assets	-2,823	-506	-5,467	-2,502
Capital expenditures for property, plant and equipment	-8,398	-1,856	-21,288	-17,061
Disposal of non-current assets	48	82	260	99
Capital expenditures in shares in associates	0	0	0	-2,210
Disposal of/Payments for (-) securities	2,500	5,786	-2,099	-2,323
Payments for (-)/Payments from other non-current financial assets	-100	-95	158	-309
Disposal of non-current assets held for sale	0	0	23	0
Cash flow from investing activities	-8,773	3,411	-28,413	-24,306
Repayment (-)/Borrowing of liabilities	-15,110	-124	24,693	-513
Share-based remuneration/Issue of treasury shares	48	-11	1,723	316
Repurchase of treasury shares	0	0	-9,672	0
Dividend payment	0	0	-6,912	-6,510
Distribution to non-controlling shareholders	0	0	0	-477
Other changes	-26	664	-48	673
Cash flow from financing activities	-15,088	528	9,784	-6,510
Decrease (-)/Increase in cash and cash equivalents	-11,759	15,979	7,117	-10,663
Effects of exchange rate changes on cash and cash equivalents	-437	-6	-1,427	-102
Cash and cash equivalents at beginning of reporting period	60,997	23,262	43,110	50,000
Cash and cash equivalents at end of reporting period	48,801	39,236	48,801	39,236

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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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