Interim Report H1 2017

January 1 to June 30, 2017

Sales up 10.6% in the first half of 2017

“We are pleased by the demand for our solutions. To facilitate future growth, we will continue strengthening our structures, particularly in product development and testing. We will also be taking additional steps to improve our delivery flexibility,” says Dr. Anton Mindl, CEO of Elmos Semiconductor AG.

Interim group management report

KEY FIGURES

in million Euro or %	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change
Sales	**59.5**	**55.0**	**8.2%**	**120.3**	**108.7**	**10.6%**
Gross profit	**25.0**	**23.3**	**7.6%**	**49.7**	**43.0**	**15.8%**
in % of sales	42.1%	42.3%		41.4%	39.5%	
R&D expenses	8.8	9.3	–5.2%	18.5	18.3	1.1%
in % of sales	14.9%	17.0%		15.4%	16.9%	
Operating income before other operating expenses (–)/income	6.6	4.2	57.0%	11.3	5.0	>100.0%
in % of sales	11.2%	7.7%		9.4%	4.6%	
EBIT	**6.2**	**4.8**	**29.8%**	**10.9**	**5.6**	**94.8%**
in % of sales	**10.4%**	**8.7%**		**9.0%**	**5.1%**	
Consolidated net income after non-controlling interests	4.3	3.3	29.0%	7.2	3.7	96.9%
in % of sales	7.2%	6.1%		6.0%	3.4%	
Basic earnings per share in Euro	**0.22**	**0.17**	**29.0%**	**0.36**	**0.19**	**96.1%**

	06/30/2017	03/31/2017	Change	06/30/2017	12/31/2016	Change
Total assets	337.4	308.4	9.4%	337.4	312.9	7.8%
Shareholders' equity	222.8	230.8	–3.5%	222.8	231.6	–3.8%
in % of total assets	66.0%	74.9%		66.0%	74.0%	
Financial liabilities	76.1	36.1	>100%	76.1	36.2	>100%
Cash, cash equivalents and marketable securities	113.8	88.7	28.3%	113.8	91.6	24.2%
Net cash	37.7	52.6	–28.3%	37.7	55.4	–32.0%

	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change
Operating cash flow	5.1	0.1	>100.0%	13.6	8.1	68.2%
Capital expenditures[1, 2]	6.3	8.3	–23.9%	13.5	16.6	–18.7%
in % of sales	**10.6%**	**15.1%**		**11.2%**	**15.2%**	
Adjusted free cash flow[3]	**–3.0**	**–8.5**	**–64.3%**	**–1.7**	**–9.1**	**–81.5%**

[1] Capital expenditures for intangible assets and property, plant and equipment less capitalized development expenses
[2] Prior-year figures adjusted in accordance with new definition
[3] Cash flow from operating activities less capital expenditures for/plus disposals of intangible assets and property, plant and equipment

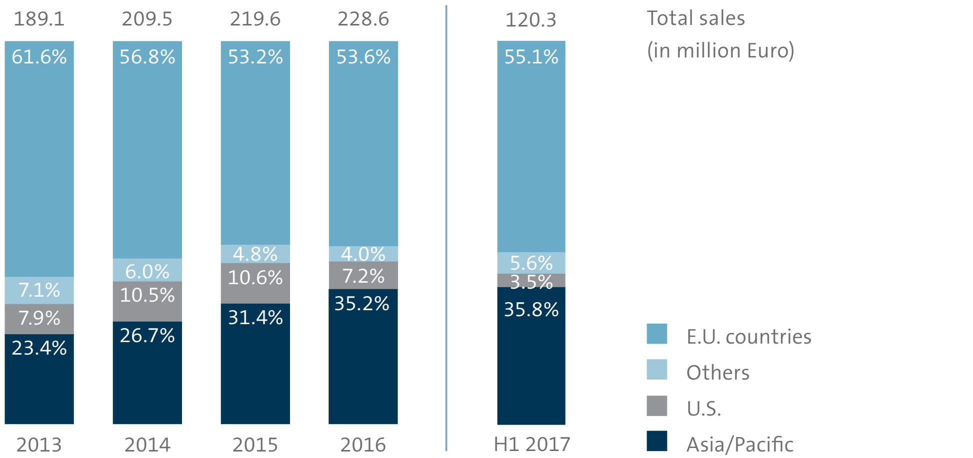
PROFIT, FINANCIAL POSITION AS WELL AS ASSETS AND LIABILITIES

- Sales growth of 10.6% in the first half of 2017 pleasent.
- The Semiconductor segment's ratio of orders received to sales, the so-called book-to-bill ratio, was above one at the end of the reporting period.
- The higher capitalized development expenses from the second quarter of 2017 onwards have an opposite effect compared to the general increase in research and development resources. Both effects are reflected in the EBIT.

ECONOMIC ENVIRONMENT

- According to the German Association of the Automotive Industry (VDA), international new car registrations saw mixed development in the reporting period compared to H1 2016. While the number of new car registrations in Western Europe increased (+3.7%), the figure declined 2.2% year on year in the U.S.
- At +2.7%, growth in China was weaker than the forecast at the beginning of the year. For the full year 2017, the VDA lowered its forecast for China from +5% to at least 2%.
- The global economy in general as well as the automotive industry in particular are exposed to an increasing number of crises, which cannot be assessed to potential effects on the market.

SALES BY REGION



SEGMENT REPORTING

in thousand Euro	Semiconductor		Micromechanics		Consolidation		Group	
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
Sales								
Sales with third parties	110,362	100,191	9,905	8,532	0	0	120,267	108,723
Inter-segment sales	227	105	1,133	505	–1,360	–610	0	0
Total sales	**110,589**	**100,296**	**11,038**	**9,037**	**–1,360**	**–610**	**120,267**	**108,723**
Result								
Segment earnings (EBIT)	9,602	5,603	1,253	–31	0	0	10,855	5,572
Earnings attributable to associates							–182	– 113
Finance income							612	1,003
Finance costs							–1,775	–1,279
Earnings before taxes							**9,510**	**5,183**
Income tax	–2,301	–1,517	–164	262	0	0	–2,465	–1,255
Consolidated net income							**7,045**	**3,928**

-> While Europe is growing in line with overall sales, Asia continues to show disproportionate growth.

-> A change in delivery addresses is primarily responsible for the lower sales in the U.S.

-> Both segments contributed to sales growth and the positive earnings development compared to the previous year.

-> 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 UPDATE REPORT

Fiscal year 2017	As of July 25, 2017	As of February 15, 2017
Sales growth 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[3]	Negative	Positive
Assumed USD/EUR exchange rate	*1.10 USD/EUR*	*1.10 USD/EUR*

[1] Capital expenditures for intangible assets and property, plant and equipment less capitalized development expenses
[2] Capital expenditures for intangible assets and property, plant and equipment
[3] Cash flow from operating activities less capital expenditures for/plus disposals of intangible assets and property, plant and equipment

On July 25, 2017, Elmos announced that it had revised its February 2017 forecast and provided explanations. The forecast is based on the latest information and is as shown in the table above. The following reasons led to the adjustment:

-> **EBIT margin:** A necessary adjustment of the capitalized development expenses will likely positively impact the EBIT margin by around 2 percentage points in 2017. As a result, the EBIT margin forecast is being increased to more than 12%.

-> **Capital expenditures:** Elmos plans to expand testing even further to support additional growth. It is therefore expected that capital expenditures for property, plant and equipment and intangible assets less capitalized development expenses will account for less than 15% of sales.

-> **Adjusted free cash flow:** Working capital will be increased by means of inventory build-up to satisfy the market's higher demands in terms of delivery times and higher delivery volumes. Adjusted free cash flow is now expected to be negative as a result of the increase in capital expenditures and inventory build-up.

OPPORTUNITIES AND RISKS

Risk management and the individual company risks and opportunities are described in our Annual Report 2016. In the first six months of 2017, there was no significant change to the company's risks and opportunities as described in detail in the Annual Report. As explained in the Annual Report, individual risks may cause substantial damage to the company in extreme cases. This can neither be predicted nor ruled out. Irrespective of this, it should be noted that the occurrence of an individual risk, even if it does not develop into an extreme case, can have a strong negative impact on the profit, financial position as well as assets and liabilities of the company.

SIGNIFICANT EVENTS

In the reporting period, the share buyback program was completed with the purchase of 450,000 shares for a total of 9.7 million Euro. These shares were used on a pro rata basis for the stock option program among other things. Own shares totaled 447,497 as of June 30, 2017.

Elmos issued a promissory note loan in the amount of 40 million Euro in May 2017.

-> It will be used for general corporate financing purposes and for repaying loans of 35 million Euro maturing in 2017 and 2018.

-> The promissory note is divided into three tranches with five-, seven- and ten-year terms, each with a fixed interest rate. The seven- and ten-year tranches account for 70% of the volume.

At the Annual General Meeting the shareholders agreed to the proposed dividend increase to 0.35 Euro per share (previously 0.33 Euro). The other items on the agenda were also approved by a large majority.

See **www.elmos.com** for more events and notifications on voting rights.

Condensed interim consolidated financial statements according to IFRS

January 1 to June 30

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets in thousand Euro	6/30/2017	12/31/2016
Non-current assets		
Intangible assets	19,554	19,572
Property, plant and equipment	90,515	86,568
Investments in associates	1,785	1,967
Securities	48,758	42,856
Investments	20	20
Other financial assets	3,415	3,699
Deferred tax assets	1,631	1,882
Total non-current assets	**165,678**	**156,564**
Current assets		
Inventories	60,023	58,602
Trade receivables	35,401	39,137
Securities	4,044	5,678
Other financial assets	1,198	1,463
Other receivables	8,700	7,705
Income tax assets	989	235
Cash and cash equivalents	60,997	43,110
	171,353	**155,930**
Non-current assets held for sale	**413**	**436**
Total current assets	**171,766**	**156,366**
Total assets	**337,443**	**312,930**

Equity and liabilities in thousand Euro	6/30/2017	12/31/2016
Equity		
Equity attributable to owners of the parent		
Share capital	20,104	20,104
Treasury stock	–447	–193
Additional paid-in capital	84,789	92,444
Surplus reserve	102	102
Other equity components	–784	204
Retained earnings	118,444	118,142
	222,207	**230,803**
Non-controlling interests	603	778
Total equity	**222,810**	**231,581**
Liabilities		
Non-current liabilities		
Provisions for pensions	417	477
Financial liabilities	40,983	11,202
Deferred tax liabilities	1,690	1,769
Total non-current liabilities	**43,090**	**13,448**
Current liabilities		
Provisions	13,098	12,035
Income tax liabilities	158	2,295
Financial liabilities	35,097	25,000
Trade payables	19,590	24,944
Other liabilities	3,600	3,627
Total current liabilities	**71,543**	**67,900**
Total liabilities	**114,633**	**81,349**
Total equity and liabilities	**337,443**	**312,930**

CONDENSED CONSOLIDATED INCOME STATEMENT

in thousand Euro	Q2 2017	Q2 2016	H1 2017	H1 2016
Sales	**59,484**	**54,986**	**120,267**	**108,723**
Cost of sales	–34,449	–31,726	–70,521	–65,762
Gross profit	**25,035**	**23,260**	**49,745**	**42,961**
Research and development expenses	–8,839	–9,328	–18,549	–18,346
Distribution expenses	–4,934	–4,966	–10,287	–9,910
Administrative expenses	–4,619	–4,735	–9,623	–9,747
Operating income before other operating expenses (–)/income	**6,643**	**4,231**	**11,286**	**4,957**
Exchange rate losses (–)/gains	–781	301	–1,026	–190
Other operating income	605	658	1,098	1,485
Other operating expenses	–289	–432	–503	–681
Earnings before interest and taxes (EBIT)	**6,177**	**4,758**	**10,855**	**5,572**
Interest in earnings of associates	–73	–33	–182	–113
Finance income	298	460	612	1,003
Finance expense	–926	–661	–1,775	–1,279
Earnings before taxes	**5,476**	**4,524**	**9,510**	**5,183**
Taxes on income				
Current income tax	–1,045	–991	–2,312	–2,141
Deferred tax	–363	–66	–153	887
	–1,408	**–1,057**	**–2,465**	**–1,255**
Consolidated net income	**4,068**	**3,467**	**7,045**	**3,928**
Consolidated net income attributable to				
Owners of the parent	**4,296**	**3,330**	**7,214**	**3,663**
Non-controlling interests	–228	137	–169	265
Earnings per share	**Euro**	**Euro**	**Euro**	**Euro**
Basic earnings per share	0.22	0.17	0.36	0.19
Fully diluted earnings per share	0.22	0.17	0.36	0.18

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousand Euro	Q2 2017	Q2 2016	H1 2017	H1 2016
Consolidated net income	**4,068**	**3,467**	**7,045**	**3,928**
Other comprehensive income				
Items to be reclassified to the income statement in future periods including respective tax effects				
Foreign currency adjustments not affecting deferred taxes	–541	169	–579	–1
Foreign currency adjustments affecting deferred taxes	–704	322	–851	–206
Deferred tax (on foreign currency adjustments affecting deferred taxes)	174	–81	209	51
Value differences relating to hedges	156	141	311	256
Deferred tax (on value differences relating to hedges)	–51	–46	–102	–84
Changes in fair value of available-for-sale financial assets	19	151	15	317
Deferred tax (on changes in fair value of available-for-sale financial assets)	–6	–50	–5	–104
Items not to be reclassified to the income statement in future periods including respective tax effects				
Actuarial gains from pension plans	6	7	12	14
Deferred tax on actuarial gains from pension plans	–2	5	–4	–7
Other comprehensive income after taxes	**–950**	**618**	**–994**	**237**
Total comprehensive income after taxes	**3,118**	**4,085**	**6,051**	**4,165**
Total comprehensive income attributable to				
Owners of the parent	3,351	3,944	6,226	3,879
Non-controlling interests	–234	141	–175	286

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

in thousand Euro	Q2 2017	Q2 2016	H1 2017	H1 2016
Cash flow from operating activities				
Consolidated net income	4,068	3,467	7,045	3,928
Depreciation and amortization	5,915	7,313	11,956	14,561
Gains (–)/Losses from asset disposal	–6	79	–134	94
Financial result	519	315	1,163	389
Other non-cash expense/income (–)	363	90	153	–887
Current income tax expense	1,044	990	2,312	2,141
Expenses for stock options/stock awards/share matching	55	89	111	151
Changes in pension provisions	–24	–22	–48	–44
Changes in net working capital:				
Trade receivables	–1,497	–1,135	3,736	828
Inventories	–1,725	–1,452	–1,421	1,727
Other assets	2,135	90	–730	–2,061
Trade payables	–989	–993	–6,129	–5,774
Other provisions and other liabilities	–1,661	–1,075	1,320	1,237
Income tax payments	–2,783	–7,405	–5,203	–7,974
Interest paid	–649	–654	–1,099	–1,008
Interest received	298	379	612	805
Cash flow from operating activities	**5,063**	**76**	**13,644**	**8,113**
Cash flow from investing activities				
Capital expenditures for intangible assets	–2,071	–735	–2,644	–1,996
Capital expenditures for property, plant and equipment	–6,074	–7,857	–12,890	–15,205
Payments for investments in associates	0	–89	0	–2,210
Disposal of non-current assets	41	2	212	17
Payments for (–)/Disposal of securities	–1,427	1,282	–4,599	–8,109
Payments from/Payments for (–) other non-current financial assets	380	–120	258	–214
Disposal of non-current assets held for sale	23	0	23	0
Cash flow from investing activities	**–9,128**	**–7,517**	**–19,640**	**–27,717**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

in thousand Euro	Q2 2017	Q2 2016	H1 2017	H1 2016
Cash flow from financing activities				
Borrowing/Repayment (–) of non-current liabilities	39,890	–110	39,781	–219
Borrowing/Repayment (–) of current liabilities to banks	22	–85	22	–170
Share-based remuneration/Issue of treasury shares	588	324	1,675	328
Capital increase from conditional capital	0	12	0	12
Repurchase of treasury shares	–4,856	0	–9,672	0
Dividend payment	–6,912	–6,510	–6,912	–6,510
Distribution/Other payments to non-controlling shareholders	0	–28	0	–477
Other changes	–8	–12	–22	–3
Cash flow from financing activities	**28,724**	**–6,409**	**24,872**	**–7,038**
Increase/Decrease (–) in cash and cash equivalents	**24,659**	**–13,850**	**18,876**	**–26,642**
Effect of exchange rate changes on cash and cash equivalents	–893	277	–990	–96
Cash and cash equivalents at beginning of reporting period	37,230	36,835	43,110	50,000
Cash and cash equivalents at end of reporting period	**60,997**	**23,262**	**60,997**	**23,262**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousand Euro	Equity attributable to owners of the parent											Non-controlling interests	Group
						Other equity components							
	Shares thousand	Share capital	Treasury stock	Additional paid-in capital	Surplus reserve	Reserve for available-for-sale financial assets	Hedges	Foreign currency translation	Unrealized actuarial gains/losses	Retained earnings	Total	Total	Total
January 1, 2016	**19,942**	**19,942**	**–215**	**90,956**	**102**	**–452**	**–752**	**988**	**–816**	**108,778**	**218,531**	**860**	**219,391**
Consolidated net income										3,663	3,663	265	3,928
Other comprehensive income for the period						213	172	–177	7		216	21	237
Total comprehensive income						213	172	–177	7	3,663	3,879	286	4,165
Share-based remuneration/Issue of treasury shares			34	295							328		328
Capital increase from conditional capital	2	2		10							12		12
Dividend distribution										–6,510	–6,510		–6,510
Distribution to non-controlling shareholders										–28	–28	–449	–477
Expenses for stock options/stock awards/share matching				151							151		151
June 30, 2016	**19,943**	**19,943**	**–181**	**91,412**	**102**	**–239**	**–580**	**811**	**–809**	**105,903**	**216,363**	**698**	**217,060**
January 1, 2017	**20,104**	**20,104**	**–193**	**92,444**	**102**	**–142**	**–367**	**1,578**	**–866**	**118,142**	**230,803**	**778**	**231,581**
Consolidated net income										7,214	7,214	–169	7,045
Other comprehensive income for the period						10	209	–1,216	9		–988	–6	–994
Total comprehensive income						10	209	–1,216	9	7,214	6,226	–175	6,051
Share-based remuneration/Issue of treasury shares			195	1,480							1,675		1,675
Transaction costs				–25							–25		–25
Repurchase of treasury shares			–450	–9,222							–9,672		–9,672
Dividend distribution										–6,912	–6,912		–6,912
Expenses for stock awards/share matching				111							111		111
June 30, 2017	**20,104**	**20,104**	**–447**	**84,789**	**102**	**–132**	**–158**	**363**	**–857**	**118,444**	**222,207**	**603**	**222,810**

Notes to condensed interim consolidated financial statements

January 1 to June 30

The condensed interim consolidated financial statements for the 1st half-year 2017 were released for publication pursuant to Management Board resolution in August 2017.

1 – GENERAL INFORMATION

The address of the Company's registered office is: 44227 Dortmund/Germany, Heinrich-Hertz-Straße 1

Basic principles of the preparation of financial statements

The condensed interim consolidated financial statements for the period January 1 through June 30, 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting". These financial statements do therefore not contain all the information and disclosures required for consolidated financial statements and should therefore be consulted together with the consolidated financial statements for the financial year ended December 31, 2016.

Essential accounting policies and valuation methods

For the preparation of the condensed interim consolidated financial statements, the same accounting policies and valuation methods have been adopted as were applied for the preparation of the consolidated financial statements for the financial year ended December 31, 2016.

Estimates and assumptions

The Company recognizes provisions for pension obligations pursuant to IAS 19. For 2017 an actuarial interest rate of 1.75% has been applied, unchanged from December 31, 2016.

Changes in estimates and assumptions

Property, plant and equipment/Depreciation

Items of property, plant and equipment are generally capitalized at acquisition or production cost and depreciated over their estimated useful lives. In the first half-year 2017 there was a change in the estimate regarding the expected useful lives of certain technical plants and machinery accounting for approx. 47% of property, plant and equipment in the Group. Estimated useful lives have been extended due to an intra-Group comparison of assumed and actual useful lives of assets. On the whole, depreciation expense in the first half-year 2017 has thus been reduced by approx. 2.4 million Euro compared to the prior-year period. For future periods, Elmos expects effects in a similar scale if the level of capital expenditures remains constant.

Other intangible assets/Capitalization of development expenses

In the first half-year 2017 there was a change in the estimate of capitalized developments. The date as of which development expenses shall be capitalized pursuant to IAS 38.57 might be reached earlier according to better information. Compared to the previous classification, approx. 1.7 million Euro were additionally capitalized altogether in the second quarter of 2017. For future periods, Elmos expects effects in a similar scale if the level of capitalization remains constant.

Exceptional business transactions

There were no exceptional business transactions in the first six months of 2017.

Basis of consolidation/Investments in associates

There were neither additions to nor disposals from the basis of consolidation in the first six months of 2017.

Seasonal and economic effects on business operations

The International Monetary Fund (IMF) has declared that the recovery of the global economy has stabilized. Unchanged from the beginning of the year, the IMF anticipates worldwide growth of 3.5% in 2017. However, the IMF also mentions uncertainty and risks. A turn in the monetary policies of Western federal banks for example might threaten many emerging markets and developing countries. China's high level of debt financing poses risks to economic stability as well, according to the IMF.

The business of Elmos Semiconductor AG shows rather insignificant seasonal fluctuation.

2 – INFORMATION ON FINANCIAL INSTRUMENTS

The following table lists the book values and fair values of the Group's financial instruments. The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability between market participants in a regular business transaction as of the measurement date. In view of varying factors of influence, the presented fair values can only be regarded as indicators of the amounts actually recoverable in the market. Detailed information on the methods and assumptions underlying the determination of the value of financial instruments can be found under note 29 to the 2016 consolidated financial statements. Its relevance to these half-year financial statements is undiminished.

Book values and fair values of financial instruments

	June 30, 2017		December 31, 2016	
in thousand Euro	Book value	Fair value	Book value	Fair value
Financial assets				
Investments	20	20	20	20
Long-term securities	48,758	48,758	42,856	42,856
Short-term securities	4,044	4,044	5,678	5,678
Trade receivables	35,401	35,401	39,137	39,137
Cash and cash equivalents	60,997	60,997	43,110	43,110
Other financial assets	4,613	4,613	5,162	5,162
Financial liabilities				
Trade payables	19,590	19,590	24,944	24,944
Liabilities to banks	76,080[1]	76,722[1]	36,202	36,804
Other financial liabilities	473	473	1,523	1,523

[1] Including a promissory note loan in the amount of 40 million Euro (for further information please refer to the interim group management report)

At the end of each reporting period a review is conducted to find out whether reclassifications between valuation hierarchies must be made. The following presentation shows which valuation hierarchy levels (according to IFRS 13) financial assets and liabilities measured at fair value are classified to.

Hierarchy of fair values

The Group applies the following hierarchy for the determination and reporting of the fair values of financial instruments according to the respective valuation methods:

Level 1: quoted (unadjusted) prices in active markets for similar assets or liabilities

in thousand Euro	January 1, 2017	Addition	Disposal	Reclassification	Market valuation	June 30, 2017
Long-term securities	37,856	8,277	0	–2,077	–298	43,758
Short-term securities	5,678	522	–4,546	2,077	313	4,044

Level 2: methods where all input parameters with a material effect on the determined fair value are observable either directly or indirectly

in thousand Euro	January 1, 2017	Addition	Disposal	Market valuation	June 30, 2017
Hedged derivatives	–547	0	0	311	–236
Forward exchange contracts/Currency option transactions	0	–318	0	0	–318
Embedded derivatives	–10	0	0	–27	–37

Level 3: methods using input parameters that have a material effect on the determined fair values and are not based on observable market data

in thousand Euro	January 1, 2017	Addition	June 30, 2017
Call options	8	3	11
Put option	0	0	0

The securities reported under *hierarchy level 1* are bonds classified by Elmos as available for sale.

The hedged derivatives allocated to *hierarchy level 2* comprise the Company's interest rate swaps. In addition to that, foreign currency transactions (USD) and credit linked notes (embedded derivatives) of various issuers are reported under this hierarchy level as well.

The securities reported under *hierarchy level 3* are options not designated for hedging and accounted for as derivative financial instruments.

3 – RELATED PARTY DISCLOSURES

As reported in the consolidated financial statements for the financial year ended December 31, 2016, the Elmos Group maintains business relationships with related companies and individuals in the context of the ordinary course of business. These supply and performance relationships continue to be transacted at market prices.

Managers' transactions according to Art. 19 (1) Market Abuse Regulation

The notifications of managers' transactions for the period from January 1 to June 30, 2017 are available at www.elmos.com.

4 – SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Except for the adjustment to the forecast for the year 2017 as annotated in the interim group management report, there have been no reportable significant events or transactions after the end of the first six months of 2017.

5 – CHANGES TO THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

In its meeting of May 11, 2017, the Supervisory Board of Elmos appointed Prof. Dr. Günter Zimmer honorary chairman for life. At his own request he handed over his position as chairman of the Supervisory Board to former vice chairman Dr. Klaus Weyer. Apart from his appointment as honorary chairman, Prof. Dr. Zimmer is now vice chairman of the Supervisory Board. Prof. Dr. Zimmer and Dr. Weyer were both elected unanimously by the Supervisory Board. The current composition of the Supervisory Board has been released at **http://www.elmos.com/english/about-us/supervisory-board.html.**

In March 2016 the Supervisory Board of Elmos appointed Guido Meyer as new member of the Management Board effective January 1, 2017. He is responsible for Production and Logistics. The current composition of the Management Board has been released at **http://www.elmos.com/english/about-us/management.html.**

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the accounting principles applicable to interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the consolidated interim management report 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 in the remaining financial year.

Dortmund, August 2, 2017

Dr. Anton Mindl   Dr. Arne Schneider   Guido Meyer   Dr. Peter Geiselhart

REVIEW REPORT

To Elmos Semiconductor AG, Dortmund

We have reviewed the condensed interim consolidated financial statements – comprising condensed statement of financial position, condensed statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity, and selected explanatory notes – and the interim group management report of Elmos Semiconductor AG for the period from January 1 to June 30, 2017 that are components of a half-year financial report pursuant to Section 37w WpHG (Securities Trading Act).

The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union and of the interim group management report in accordance with the regulations of the WpHG applicable to interim group management reports is the responsibility of the Company's management. It is our responsibility to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We have performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements as defined by the Institut der Wirtschaftsprüfer (IDW). Those standards require the review to be planned and conducted in such a way that allows us to rule out the possibility with reasonable assurance that the condensed interim consolidated financial statements have not been prepared in material respects in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union and that the interim group management report has not been prepared in material respects in accordance with the regulations of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the degree of assurance attainable in a financial statement audit. As we have not performed a financial statement audit in accordance with our engagement, we cannot issue an audit opinion.

No matters have come to our attention on the basis of our review that lead us to presume that the condensed interim consolidated financial statements have not been prepared in all material respects in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union or that the interim group management report has not been prepared in all material respects in accordance with the regulations of the WpHG applicable to interim group management reports.

Düsseldorf, August 2, 2017

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Senger	Ulrich Diersch
Certified Accountant	Certified Accountant

FINANCIAL CALENDAR 2017

Quarterly results Q2/2017[1]	August 2, 2017
Quarterly results Q3/2017[1]	November 8, 2017
Equity Forum in Frankfurt	November 27-28, 2017

[1] The 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).**

Note

The half-year financial report of Elmos Semiconductor AG fulfills the requirements of the applicable provisions under the Securities Trading Act (Wertpapierhandelsgesetz, WpHG) and comprises, according to Section 37w WpHG, condensed consolidated half-year financial statements, a group management report, and a responsibility statement. The consolidated half-year financial statements have been prepared in accordance with the IFRS applicable to interim financial reporting as released by the IASB and adopted by the European Union. The half-year financial report should be consulted together with our Annual Report for financial year 2016. The Annual Report includes a comprehensive presentation of our business activities and notes to the financial indicators applied.

Due to rounding it is possible that individual numbers indicated in this interim report do not add up precisely to respective totals indicated and that percentages indicated do not correspond precisely to respective absolute values.

Forward-looking statements

This report contains forward-looking statements 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 forward-looking statements.

This English translation is for convenience purposes only.

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