

Regulated Information

X-FAB Third Quarter 2023 Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – October 26, 2023, 05.40 p.m. CEST

Highlights Q3 2023:

- › Revenue was USD 233.8 million, up 24% year-on-year (YoY) and 3% quarter-on-quarter (QoQ); including USD 10.4 million of revenues recognized over time according to IFRS 15
- › Continued strong growth in X-FAB's key end markets – automotive, industrial, and medical – up 31% YoY (excluding revenues recognized over time)
- › All-time high Microsystems (MEMS) revenues, up 33% YoY
- › EBITDA at USD 65.7 million compared to USD 9.2 million in Q3 2022
- › EBITDA margin of 28.1%, slightly above the guided 24-28%
- › EBIT was USD 43.9 million with an EBIT margin of 18.8%

Outlook:

- › Q4 2023 revenue is expected to come in within a range of USD 230-245 million with an EBITDA margin in the range of 25-29%. This guidance is based on an average exchange rate of 1.06 USD/Euro.

Revenue* breakdown per quarter:

in millions of USD	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q3 y-o-y growth
Automotive	83.8	89.7	98.3	96.9	104.4	120.9	131.1	135.3	40%
Industrial	39.7	41.4	42.5	46.7	42.3	46.9	51.3	53.7	15%
Medical	14.5	13.7	13.9	13.5	14.6	17.6	16.2	17.0	26%
Subtotal core business	138.0	144.9	154.7	157.0	161.3	185.4	198.7	206.1	31%
	80.1%	81.1%	81.9%	83.4%	87.9%	89.1%	90.8%	92.2%	
CCC ¹	34.0	32.5	33.6	30.7	21.6	22.5	20.0	17.2	-44%
Others	0.3	1.2	0.6	0.6	0.7	0.2	0.2	0.2	
Revenue*	172.3	178.7	188.8	188.3	183.6	208.1	218.9	223.5	19%

¹Consumer, Communications & Computer

in millions of USD	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q3 y-o-y growth
CMOS	144.2	148.6	156.3	152.6	151.9	172.8	180.7	180.5	18%
Microsystems	17.5	17.9	19.8	18.4	19.5	22.2	20.8	24.4	33%
Silicon carbide	10.6	12.1	12.8	17.4	12.2	13.2	17.3	18.6	7%
Revenues*	172.3	178.7	188.8	188.3	183.6	208.1	218.9	223.5	19%

*excluding revenues recognized over time according to IFRS 15



Business development

In the third quarter of 2023, X-FAB recorded total revenues of USD 233.8 million, up 24% year-on-year and up 3% quarter-on-quarter and in line with the guidance of USD 225-240 million. A portion of USD 10.4 million is attributable to the recognition of revenues over time mainly related to long-term contracts with customers in accordance with IFRS 15.

Revenues* in X-FAB's core markets – automotive, industrial, and medical – amounted to USD 206.1 million, up 31% year-on-year, representing a share of 92.2% of revenues.

Demand in X-FAB's key end markets remained strong. Third quarter bookings were USD 208.2 million. While this represents a decrease of 4% year-on-year and 6% quarter-on-quarter, the order intake does not fully reflect the demand. This is mainly related to X-FAB's long-term agreements (LTAs) with major customers. The quantities under these contracts are not included in the bookings. Due to X-FAB's high backlog, which amounted to USD 483.7 million at the end of the third quarter, LTA customers prefer not to place orders too far in advance while having secured their capacity via LTA.

In the third quarter, X-FAB's automotive business continued to grow strongly recording revenues* of USD 135.3 million. This is an increase of 40% compared to the same quarter last year, primarily driven by the production ramp of X-FAB's popular 180nm automotive process at X-FAB France. In the third quarter, 91% of the revenues generated by the French site were based on X-FAB technologies, compared to 56% in the third quarter last year. In addition, a car headlight application was a main contributor to X-FAB's automotive growth in the third quarter, boosting automotive prototyping revenues after a major development achievement. X-FAB offers the full range of technologies required for power systems, including high-voltage CMOS and silicon carbide applications, and is well positioned to support the transition to electric vehicles, a key long-term growth driver for X-FAB's automotive business.

Industrial revenues* for the third quarter were USD 53.7 million, up 15% year-on-year. The shift towards clean energy sources like wind and solar is driving growth of X-FAB's silicon carbide business, while X-FAB's expertise in sensing and actuating is key to applications supporting major trends such as factory automation as well as smart cities and buildings.

Third quarter SiC revenues* totaled USD 18.6 million, an increase of 7% year-on-year, whereas SiC wafer shipments went up 38% year-on-year. The stronger increase in wafer shipments is not reflected in the top line due to a higher portion of customers that source their own SiC raw wafers and consign them to X-FAB. Since the value added by X-FAB remains unaffected, this results in a lower total billing but higher profitability.

**excluding revenues recognized over time according to IFRS 15*



In the third quarter, medical revenues* were USD 17.0 million, up 26% year-on-year, primarily driven by a DNA sequencing application. X-FAB is leveraging its MEMS expertise in combination with CMOS for this type of applications and has evolved its MEMS business towards high value-added microsystems integrating a variety of functions. This enables the miniaturization of large diagnostic equipment to handheld or tabletop size. In the third quarter, X-FAB's Microsystems business set a new revenue* record of USD 24.4 million, an increase of 33% year-on-year, demonstrating that the realignment of this business unit towards system integration is gaining traction.

Third quarter CCC (Consumer, Communication & Computer) revenues* amounted to USD 17.2 million, down 44% year-on-year.

Prototyping revenues* in the third quarter came in at USD 27.4 million, up 20% year-on-year and flat sequentially.

Prototyping and production revenue* per quarter and end market:

in millions of USD	Revenue	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Automotive	Prototyping	3.3	4.7	3.5	3.9	6.2
	Production	93.6	99.8	117.3	127.2	129.1
Industrial	Prototyping	11.1	11.2	14.2	16.6	14.3
	Production	35.6	31.1	32.7	34.8	39.4
Medical	Prototyping	2.8	2.8	2.9	2.5	3.3
	Production	10.7	11.8	14.7	13.7	13.7
CCC	Prototyping	5.0	4.6	5.7	4.5	3.3
	Production	25.7	17.1	16.8	15.4	13.9

As announced on October 18, 2023, X-FAB is set to receive subsidies of up to EUR 80 million as part of the Important Project of Common European Interest in Microelectronics and Communication Technologies (IPCEI ME/CT). The funding will be granted by the participating governments of France and Germany over a period of five years supporting innovation to advance European goals of digitalization, sustainability, and technological sovereignty. See [press release](#) for more information.

Operations update

With continued strong demand particularly for X-FAB's 200mm CMOS, silicon carbide and MEMS technologies, operational excellence and productivity improvements remained key to reliably serve customers. Supply and demand for X-FAB's 150mm CMOS technologies is meanwhile well balanced.

A major operational focus in the third quarter was the execution of X-FAB's capacity expansion program, across all its sites. Although lead times for the new equipment are still long, all projects are on schedule.

*excluding revenues recognized over time according to IFRS 15



In the third quarter, capital expenditures came in at USD 84.0 million, down 20% against the previous quarter. Considering the planned equipment deliveries in the fourth quarter, total capital expenditures of 2023 are expected to come in at approximately USD 350 million. Major expenditures in the third quarter included the capacity expansion project at X-FAB Sarawak, Malaysia, the capacity conversion at X-FAB France as well as the expansion of X-FAB's SiC manufacturing line in Lubbock, Texas.

Financial update

Third quarter EBITDA was USD 65.7 million with an EBITDA margin of 28.1%, slightly above the guidance range of 24-28%. Excluding revenues recognized over time in accordance with IFRS 15, the EBITDA margin of the third quarter would have been 26.8%. Gross profit in the third quarter amounted to USD 69.7 million with a gross profit margin of 29.8%, which would have been 29.1% without revenues recognized over time. The third quarter's profitability was driven by economies of scale, a favorable product mix and good cost control.

Due to the natural hedging of X-FAB's business, profitability was unaffected by exchange rate fluctuations. At a constant USD/Euro exchange rate of 1.01 as experienced in the previous year's quarter, the EBITDA margin would have been 0.3 percentage points lower.

Cash and cash equivalents at the end of the third quarter amounted to USD 391.3 million, down 11.4% compared to the end of the previous quarter, which had been extraordinarily strong due to a major portion of prepayments received from customers with long-term agreements. In addition, the decrease in cash and cash equivalents was due to cash outflows related to investments made in the third quarter.

Management comments

Rudi De Winter, CEO of the X-FAB Group, said: "The third quarter was characterized by strong revenue growth in X-FAB's key end markets, with our automotive business again leading the way with a 40% year-on-year increase. The successful transformation of our business keeps contributing to increasing profitability, driven by economies of scale and a favorable product mix. A highlight of the third quarter was the record sales in our Microsystems business. I am very proud of the system integration capabilities and expertise that X-FAB has built up. It is now starting to pay off and offers great opportunities for the future across various end markets."



X-FAB Quarterly Conference Call

X-FAB's third quarter results will be discussed in a live conference call/webcast on Thursday, October 26, 2023, at 6.30 p.m. CEST. The conference call will be in English.

Please [register here](#) for the webcast (listen only).

Please [register here](#) for the conference call (listen and ask questions).

The fourth quarter 2023 results will be communicated on February 8, 2024.

About X-FAB

X-FAB is the leading analog/mixed-signal and MEMS foundry group manufacturing silicon wafers for automotive, industrial, consumer, medical and other applications. Its customers worldwide benefit from the highest quality standards, manufacturing excellence and innovative solutions by using X-FAB's modular CMOS processes in geometries ranging from 1.0 μm to 110 nm, and its special silicon carbide and MEMS long-lifetime processes. X-FAB's analog-digital integrated circuits (mixed-signal ICs), sensors and micro-electro-mechanical systems (MEMS) are manufactured at six production facilities in Germany, France, Malaysia and the U.S. X-FAB employs more than 4,200 people worldwide. For more information, please visit www.xfab.com.

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Forward-looking information

This press release may include forward-looking statements. Forward-looking statements are statements regarding or based upon our management's current intentions, beliefs or expectations relating to, among other things, X-FAB's future results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. By their nature, forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein.

Forward-looking statements contained in this press release regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless legally required. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this press release.

The information contained in this press release is subject to change without notice. No re-report or warranty, express or implied, is made as to the fairness, accuracy, reasonableness, or completeness of the information contained herein and no reliance should be placed on it.

Condensed Consolidated Statement of Profit and Loss

in thousands of USD	Quarter ended 30 Sep 2023 unaudited	Quarter ended 30 Sep 2022 unaudited	Quarter ended 30 Jun 2023 unaudited	Nine months ended 30 Sep 2023 unaudited	Nine months ended 30 Sep 2022 unaudited
Revenue*	223,452	188,336	218,870	650,431	555,831
Revenue recognized over time	10,360	0	8,261	18,622	0
Total revenue	233,812	188,336	227,131	669,052	555,831
Revenues in USD in %	57	59	56	56	59
Revenues in EUR in %	43	41	44	44	41
Cost of sales	-164,147	-142,432	-159,492	-474,551	-420,724
Gross Profit	69,665	45,904	67,639	194,501	135,107
<i>Gross Profit margin in %</i>	<i>29.8</i>	<i>24.4</i>	<i>29.8</i>	<i>29.1</i>	<i>24.3</i>
Research and development expenses	-10,782	-9,917	-12,905	-34,609	-30,596
Selling expenses	-1,999	-1,844	-2,112	-6,307	-5,961
General and administrative expenses	-11,583	-8,860	-11,961	-34,044	-28,087
Rental income and expenses from investment properties	977	-328	390	3,438	151
Other income and other expenses	-2,376	-34,897	-231	-864	-34,310
Operating profit	43,902	-9,943	40,820	122,115	36,304
Finance income	9,011	10,219	6,658	24,207	25,896
Finance costs	-8,493	-13,690	-8,229	-26,977	-46,332
Net financial result	518	-3,471	-1,571	-2,770	-20,436
Profit before tax	44,420	-13,413	39,249	119,345	15,868
Income tax	-2,747	-1,608	-548	3,747	-4,596
Profit for the period	41,673	-15,021	38,701	123,092	11,272
Operating profit (EBIT)	43,902	-9,943	40,820	122,115	36,304
Depreciation	21,808	19,123	21,465	63,891	56,372
EBITDA	65,711	9,180	62,284	186,006	92,676
<i>EBITDA margin in %</i>	<i>28.1</i>	<i>4.9</i>	<i>27.4</i>	<i>27.8</i>	<i>16.7</i>
Earnings per share at the end of period	0.32	-0.11	0.30	0.94	0.09
Weighted average number of shares	130,631,921	130,631,921	130,631,921	130,631,921	130,631,921
EUR/USD average exchange rate	1.08842	1.00955	1.08946	1.08330	1.06620

Amounts in the financial tables provided in this press release are rounded to the nearest thousand except when otherwise indicated, rounding differences may occur.

*excluding revenues recognized over time in accordance with IFRS 15

Condensed Consolidated Statement of Financial Position

in thousands of USD	Quarter ended 30 Sep 2023 unaudited	Quarter ended 30 Sep 2022 unaudited	Year ended 31 Dec 2022 audited
ASSETS			
Non-current assets			
Property, plant, and equipment	653,024	419,827	460,126
Investment properties	7,319	7,952	7,675
Intangible assets	5,827	7,269	6,199
Other non-current assets	63	6	79
Deferred tax assets	79,155	44,912	67,977
Total non-current assets	745,387	479,967	542,056
Current assets			
Inventories	260,961	204,278	214,435
Contract assets	26,027	0	0
Trade and other receivables	111,828	82,595	73,116
Other assets	52,005	47,118	56,025
Cash and cash equivalents	391,274	327,468	369,425
Total current assets	842,095	661,459	713,001
TOTAL ASSETS	1,587,482	1,141,425	1,255,057
EQUITY AND LIABILITIES			
Equity			
Share capital	432,745	432,745	432,745
Share premium	348,709	348,709	348,709
Retained earnings	141,904	-24,625	16,509
Cumulative translation adjustment	-328	185	-226
Treasury shares	-770	-770	-770
Total equity attributable to equity holders of the parent	922,260	756,243	796,967
Non-controlling interests	0	0	0
Total equity	922,260	756,243	796,967
Non-current liabilities			
Non-current loans and borrowings	49,244	65,234	63,432
Other non-current liabilities and provisions	4,024	3,686	4,024
Total non-current liabilities	53,268	68,921	67,456
Current liabilities			
Trade payables	69,811	41,282	53,654
Current loans and borrowings	214,778	191,519	233,513
Other current liabilities and provisions	327,365	83,460	103,467
Total current liabilities	611,954	316,261	390,634
TOTAL EQUITY AND LIABILITIES	1,587,482	1,141,425	1,255,057

Condensed Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 30 Sep 2023 unaudited	Quarter ended 30 Sep 2022 unaudited	Quarter ended 30 Jun 2023 unaudited	Nine months ended 30 Sep 2023 unaudited	Nine months ended 30 Sep 2022 unaudited
Income before taxes	44,420	-13,413	39,249	119,345	15,868
Reconciliation of net income to cash flow arising from operating activities:	26,845	18,392	22,895	72,721	75,631
Depreciation and amortization, before effect of grants and subsidies	21,808	19,123	21,465	63,891	56,372
Recognized investment grants and subsidies netted with depreciation and amortization	-753	-820	-751	-2,241	-2,535
Interest income and expenses (net)	-105	967	652	1,992	14,165
Loss/(gain) on the sale of plant, property, and equipment (net)	-1,554	-1,822	-137	-3,174	-1,998
Other non-cash transactions (net)	7,448	945	1,666	12,252	9,628
Changes in working capital:	-38,694	8,067	141,779	101,875	-45,451
Decrease/(increase) of trade receivables	3,206	7,883	-21,482	-39,277	-16,232
Decrease/(increase) of other receivables & prepaid expenses	3,417	1,913	-7,006	-516	-4,804
Decrease/(increase) of inventories	-13,049	-5,852	-12,303	-44,238	-23,263
Decrease/(increase) of contract assets	-10,360	0	-15,667	-26,027	0
(Decrease)/increase of trade payables	-19,254	-3,080	-8,175	-189	-8,436
(Decrease)/increase of other liabilities	-2,653	7,203	206,411	212,123	7,284
Income taxes (paid)/received	-2,874	-342	-401	-3,383	-557
Cash Flow from operating activities	29,697	12,704	203,522	290,558	45,491
Cash Flow from investing activities:					
Payments for property, plant, equipment & intangible assets	-83,964	-40,918	-104,498	-237,357	-126,524
Payments for investments	0	-204	0	0	-204
Payments for loan investments to related parties	-61	-45	-41	-237	-193
Proceeds from loan investments related parties	44	70	42	206	230
Proceeds from sale of property, plant, and equipment	1,805	1,887	208	3,499	2,115
Interest received	3,139	394	2,557	6,709	906
Cash Flow used in investing activities	-79,038	-38,815	-101,732	-227,181	-123,670

Condensed Consolidated Statement of Cash Flow – con't

in thousands of USD	Quarter ended 30 Sep 2023 unaudited	Quarter ended 30 Sep 2022 unaudited	Quarter ended 30 Jun 2023 unaudited	Nine months ended 30 Sep 2023 unaudited	Nine months ended 30 Sep 2022 unaudited
Cash Flow from (used in) financing activities:					
Proceeds from loans and borrowings	85,904	129,728	5,027	100,144	152,270
Repayment of loans and borrowings	-79,067	-1,892	-13,870	-128,867	-6,062
Receipts of sale & leaseback arrangements	0	0	0	0	7,723
Payments of lease installments	-1,530	-1,362	-1,273	-4,315	-4,379
Receipt of government grants and subsidies	0	512	0	0	512
Interest paid	-1,892	-13,503	691	-4,460	-14,074
Distribution to non-controlling interests	0	0	0	0	-11
Cash Flow from (used in) financing activities	3,415	113,484	-9,425	-37,498	135,979
Effect of changes in foreign currency exchange rates on cash	-4,587	-10,734	-855	-4,030	-20,519
Increase/(decrease) of cash and cash equivalents	-45,926	87,373	92,365	25,879	57,800
Cash and cash equivalents at the beginning of the period	441,786	250,828	350,276	369,425	290,187
Cash and cash equivalents at the end of the period	391,274	327,468	441,786	391,274	327,468

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