



## X-FAB Fourth Quarter and Full Year 2017 Results

### Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – February 12<sup>th</sup>, 2018, 5.40 pm CET

#### Highlights for Q4 2017:

- **Revenue of USD 154.1 million, down 3% year-on-year and up 10% quarter-on-quarter; above the guidance of USD 147-153 million**
- **EBITDA of USD 31.1 million, up 25% year-on-year and up 16% quarter-on-quarter**
- **EBIT of USD 16.9 million, up 44% year-on-year and up 32% quarter-on-quarter**
- **Net profit of USD 32.0 million, up 144% year-on-year and up 43% quarter-on-quarter**
- **Earnings per share of USD 0.25**

#### Highlights for 2017:

- **Revenue of USD 581.7 million, up 13% year-on-year**
- **EBITDA of USD 106.1 million, up 5% year-on-year**
- **EBIT of USD 50.5 million, flat year-on-year**
- **Net profit of USD 89.8 million, up 95% year-on-year**
- **Earnings per share of USD 0.73**

#### Outlook:

- **Q1 2018 revenue is expected in the range of USD 138-144 million with an EBITDA margin of about 12-14%. For the full year, revenue is expected in the range of USD 615-655 million with an EBIT in the range of USD 50 to 70million. For 2019, current planning foresees revenues in the range of USD 700-760 million and an EBIT in the range of USD 70-100 million. Our guidance is based on an average exchange rate of 1.20 USD/Euro.**

Growth in the fourth quarter was driven by increased revenues in all of X-FAB's key end markets, namely automotive, industrial and medical, each contributing to a strong overall growth in 2017. Year-on-year, the automotive business grew by 19% driven by the adoption of more electronics in cars with X-FAB manufacturing about 500 different products for the automotive market. Industrial sales, representing about 600 different products, grew by 32%, whereas medical sales increased by 75% with about 60 different products. Revenues relating to CCC products dropped by 11% compared to 2016, which was mainly caused by capacity constraints. As more technologies become available in the factory in France, X-FAB will be in a better position to support the demand going forward.

The expected revenue decrease in the first quarter of 2018 is due to weaker sales in RF-SOI as well as the lower amount of calendar days of the first quarter. The drop in RF-SOI is in line with the typical seasonality of the mobile market as seen in previous years. The RF-SOI business is expected to go up again in the second



quarter of 2018. Over the year, X-FAB's core business is also expected to increase further based on the strong demand in X-FAB's key end markets. The capacity expansion currently being implemented at the Malaysian factory will support this growth and also help to reduce the amount of outstanding orders which could not be completed due to capacity constraints.

The integration of X-FAB France progressed well. In the fourth quarter, the first prototyping of automotive products based on X-FAB's 180nm high-voltage process with embedded flash was launched. Automotive production is planned to start towards the end of 2018 after successful qualification and respective approvals.

The capacity expansion of the Malaysian fab is on track. All equipment is now installed and in the process of being qualified. The additional capacity of 4,000 wafer starts per month is expected to become fully effective in the second quarter of 2018.

In the fourth quarter, X-FAB Texas recorded its first SiC production revenues while working with eleven customers on implementing their proprietary version of SiC technologies and components.

At a constant USD/Euro currency exchange rate, fourth quarter revenues dropped by 4% year-on-year and grew by 10% quarter-on-quarter. Without X-FAB France as well as the subcontracted business, revenues increased by 17% year-on-year and by 10% compared to the previous quarter.

### Revenue Breakdown per Quarter

in millions of USD	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Y-o-Y Growth
Automotive	46.2	52.9	55.9	56.0	54.5	59.3	66.5	70.2	19%
Industrial	11.8	11.3	14.9	12.7	15.2	16.5	16.7	18.5	32%
Medical	2.7	2.6	4.1	3.5	4.6	4.5	6.6	6.9	75%
<b>Subtotal core business<sup>1</sup></b>	<b>60.6</b> 56.9%	<b>66.8</b> 56.4%	<b>74.8</b> 58.2%	<b>72.2</b> 45.3%	<b>74.3</b> 50.2%	<b>80.3</b> 57.6%	<b>89.8</b> 64.0%	<b>95.6</b> 62.0%	<b>24%</b>
CCC <sup>2</sup>	24.8	25.5	29.8	30.5	30.9	24.4	18.8	24.2	-11%
Others	0.7	0.7	0.3	0.7	0.7	0.5	0.8	0.9	
<b>Subtotal<sup>1</sup></b>	<b>86.1</b> 80.8%	<b>93.0</b> 78.5%	<b>105.0</b> 81.6%	<b>103.4</b> 64.9%	<b>106.0</b> 71.7%	<b>105.2</b> 75.5%	<b>109.4</b> 78.0%	<b>120.7</b> 78.3%	<b>14%</b>
X-FAB France <sup>3</sup>	0.0	0.0	0.0	31.6	26.5	31.0	30.9	33.4	
Subcontracted business	20.4	25.5	23.6	24.3	15.4	3.2	0.0	0.0	
<b>Total revenues</b>	<b>106.5</b>	<b>118.5</b>	<b>128.6</b>	<b>159.3</b>	<b>147.9</b>	<b>139.3</b>	<b>140.3</b>	<b>154.1</b>	<b>13%</b>

<sup>1</sup> Without X-FAB France and Subcontracting Business

<sup>2</sup> Consumer, Communications & Computer

<sup>3</sup> X-FAB France business is predominantly CCC with a small amount of Automotive and Industrial business



In the fourth quarter of 2017, prototyping revenues as indicator for future business came in at USD 15.3 million. For the full year, prototyping revenues totaled USD 54.4 million, an increase of 28% compared to previous year. Prototyping revenues in the core market segments, i.e. automotive, industrial and medical, typically convert into production revenues within four to five years after initial prototyping.

Commenting on the development of X-FAB's MEMS business, Rudi De Winter added: "I am delighted about our MEMS business, which is well on track for strong growth in 2018 based on various applications in all 4 of our end markets. In the fourth quarter, we launched production of a new generation MEMS microphone, setting new standards with respect to technical performance. The market for MEMS microphones is growing strongly due to the increased number of microphones per smartphone, the increased use of headphones with noise cancellation, as well as the wider adoption of voice input for various smart applications."

### **FX Sensitivity**

The weaker US-Dollar has created a headwind with respect to profitability. The average exchange rate for the fourth quarter 2017 deteriorated by 10 cents compared to the same quarter last year. Despite the effect, the operational result increased by 44%. Relating to the financials as per year-end 2017, an evolution of the USD/Euro exchange rate from 1.10 to 1.20 would translate into a net positive effect on the financial result by about USD 8 million, while on a yearly basis it would have a negative effect of USD 12 million on the operational result. At a constant USD/Euro exchange rate of 1.05, the EBITDA margin for 2017 would have come in at 20.2%, above the guidance of 19% as provided at the IPO. The actual exchange rate for 2017 is at 1.129 with a corresponding EBITDA margin of 18.2%.

### **Procedures of the independent auditor**

The statutory auditor, KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, represented by Herwig Carmans, has confirmed that the audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the condensed consolidated financial information included in this press release.

### **X-FAB Quarterly Conference Call**

X-FAB's fourth quarter results will be discussed in a live conference call on Monday, February 12<sup>th</sup>, 2018 at 6.30 pm CET. The conference call will be in English. Please register in advance of the conference using the following link: <http://emea.directeventreg.com/registration/1859408>

Upon registering, you will be provided with participant dial-in numbers, Direct Event passcode and a unique registrant ID. In the 10 minutes prior to the call, you will need to use the conference access information provided in the email received at the point of registering.

The conference call will be available for replay from February 12<sup>th</sup> 9.30 pm CET until February 19<sup>th</sup> 9.30 pm CET. The replay number will be +44 (0)1452550000, conference ID 1859408.

The first quarter 2018 results will be communicated on May 2<sup>nd</sup>, 2018.



## 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 to 0.13  $\mu\text{m}$ , and its special BCD, SOI 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 about 4,000 people worldwide.

For more information, please visit [www.xfab.com](http://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. 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 31 Dec 2017	Quarter ended 31 Dec 2016	Quarter ended 30 Sep 2017	Year ended 31 Dec 2017	Year ended 31 Dec 2016 audited
Revenue	154,118	159,299	140,287	581,687	512,897
Revenues in USD in %	83	89	81	84	87
Revenues in EUR in %	16	11	19	16	13
Cost of sales	-119,826	-131,365	-112,081	-465,948	-407,831
<b>Gross Profit</b>	<b>34,293</b>	<b>27,933</b>	<b>28,206</b>	<b>115,739</b>	<b>105,066</b>
<i>Gross Profit margin in %</i>	22.3	17.5	20.1	19.9	20.5
Research and development expenses	-7,130	-9,079	-6,995	-28,326	-26,847
Selling expenses	-2,230	-2,176	-2,123	-8,874	-7,369
General and administrative expenses	-8,607	-7,916	-6,992	-30,306	-22,786
Rental income and expenses from investment properties	514	2,865	628	2,152	1,897
Other income and other expenses	100	135	103	105	496
<b>Operating profit</b>	<b>16,940</b>	<b>11,763</b>	<b>12,826</b>	<b>50,489</b>	<b>50,456</b>
Finance income	10,273	9,105	19,294	55,208	11,119
Finance costs	-5,179	-11,917	-9,857	-26,109	-19,123
<b>Net financial result</b>	<b>5,095</b>	<b>-2,812</b>	<b>9,437</b>	<b>29,099</b>	<b>-8,005</b>
<b>Profit before tax</b>	<b>22,035</b>	<b>8,950</b>	<b>22,263</b>	<b>79,588</b>	<b>42,451</b>
Income tax	10,006	4,185	146	10,169	3,500
<b>Profit for the period</b>	<b>32,041</b>	<b>13,135</b>	<b>22,409</b>	<b>89,758</b>	<b>45,952</b>
<b>EBITDA</b>	<b>31,139</b>	<b>24,958</b>	<b>26,742</b>	<b>106,114</b>	<b>100,614</b>
<i>EBITDA margin in %</i>	20.2	15.7	19.1	18.2	19.6
<b>Earnings per share at the end of period</b>	<b>0.25</b>	<b>0.13</b>	<b>0.17</b>	<b>0.73</b>	<b>0.46</b>
Weighted average number of shares	130,631,921	99,381,921	130,631,921	122,412,743	99,381,921
EUR/USD average exchange rate	1.17748	1.07971	1.17442	1.12893	1.10696



## Condensed Consolidated Statement of Financial Position

in thousands of USD	Year ended 31 Dec 2017 unaudited	Year ended 31 Dec 2016 audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	315,856	265,472
Investment properties	9,033	9,143
Intangible assets	7,060	7,874
Non-current investments	558	190
Other non-current assets	152	36
Deferred tax assets	32,959	19,904
<b>Total non-current assets</b>	<b>365,618</b>	<b>302,618</b>
<b>Current assets</b>		
Inventories	105,847	88,972
Trade and other receivables	82,008	77,292
Other assets	38,929	18,881
Cash and cash equivalents	319,235	104,157
<b>Total current assets</b>	<b>546,018</b>	<b>289,303</b>
<b>TOTAL ASSETS</b>	<b>911,637</b>	<b>591,921</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	432,745	265,231
Share premium	348,709	255,262
Retained earnings	-106,716	-196,506
Cumulative translation adjustment	-591	-879
Treasury shares	-770	-770
<b>Total equity attributable to equity holders of the parent</b>	<b>673,377</b>	<b>322,338</b>
Non-controlling interests	357	400
<b>Total equity</b>	<b>673,734</b>	<b>322,738</b>
<b>Non-current liabilities</b>		
Non-current loans and borrowings	106,178	132,407
Other non-current liabilities and provisions	8,872	8,481
<b>Total non-current liabilities</b>	<b>115,050</b>	<b>140,888</b>
<b>Current liabilities</b>		
Trade payables	36,684	49,032
Current loans and borrowings	37,799	31,432
Other current liabilities and provisions	48,370	47,831
<b>Total current liabilities</b>	<b>122,853</b>	<b>128,295</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>911,637</b>	<b>591,921</b>



## Condensed Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 31 Dec 2017 unaudited	Quarter ended 31 Dec 2016 audited	Quarter Ended 30 Sep 2017 unaudited	Year ended 31 Dec 2017 unaudited	Year ended 31 Dec 2016 audited
<b>Income before taxes</b>	<b>22,035</b>	<b>8,950</b>	<b>22,263</b>	<b>79,588</b>	<b>42,451</b>
<b>Reconciliation of net income to cash flow arising from operating activities:</b>	<b>8,000</b>	<b>9,435</b>	<b>4,871</b>	<b>25,332</b>	<b>51,381</b>
Depreciation and amortization, before effect of grants and subsidies	14,200	13,195	13,917	55,625	50,158
Recognized investment grants and subsidies netted with depreciation and amortization	-868	-908	-892	-3,622	-2,858
Interest income and expenses (net)	483	1,222	803	2,935	4,434
Loss/(gain) on the sale of plant, property and equipment (net)	72	1	-64	8	-232
Loss/(gain) on the change in fair value of derivatives (net)	-470	280	-3,489	-11,698	280
FX currency differences & other non-cash transactions (net)	-5,417	-4,355	-5,402	-17,916	-400
<b>Changes in working capital:</b>	<b>-13,071</b>	<b>-2,854</b>	<b>-16,986</b>	<b>-40,527</b>	<b>-16,359</b>
Decrease/(increase) of trade receivables	-9,059	-6,255	-2,754	-2,936	-32,825
Decrease/(increase) of other receivables & prepaid expenses	-2,891	-7,462	-6,779	-14,231	-9,828
Decrease/(increase) of inventories	-2,280	-3,556	-7,390	-16,875	-16,318
(Decrease)/increase of trade payables	10,649	14,223	-4,587	-11,281	34,802
(Decrease)/increase of other liabilities	-9,489	196	4,525	4,797	7,810
Income taxes (paid)/received	-283	-879	-618	-1,153	-3,554
<b>Cash Flow from operating activities</b>	<b>16,681</b>	<b>14,652</b>	<b>9,530</b>	<b>63,240</b>	<b>73,920</b>
<b>Cash Flow from investing activities:</b>					
Payments for property, plant, equipment & intangible assets	-34,708	-11,441	-17,836	-102,536	-72,189
Payments for investments	0	-11	0	0	-289
Acquisition of subsidiary, net of cash acquired	0	-10,178	0	0	-10,178
Payments for loan investments to related parties	-35	-56	-33	-131	-5,694
Proceeds from loan investments related parties	35	5,636	30	146	5,740
Proceeds from sale of property, plant and equipment	25	1	66	91	735
Interest received	609	137	495	1,901	275
<b>Cash Flow used in investing activities</b>	<b>-34,075</b>	<b>-15,912</b>	<b>-17,277</b>	<b>-100,528</b>	<b>-81,600</b>

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## Condensed Consolidated Statement of Cash Flow – con't

in thousands of USD	Quarter ended 31 Dec 2017 unaudited	Quarter ended 31 Dec 2016 audited	Quarter Ended 30 Sep 2017 unaudited	Year ended 31 Dec 2017 unaudited	Year ended 31 Dec 2016 audited
<b>Cash Flow from (used in) financing activities:</b>					
Proceeds from loans and borrowings	0	33,901	0	0	60,981
Repayment of loans and borrowings	-8,826	-5,009	-7,978	-32,008	-19,374
Receipts from sale & leaseback arrangements	-8	792	8	0	6,190
Payments of lease installments	-468	-576	-670	-2,377	-1,558
Receipt of government grants and subsidies	0	725	329	375	2,532
Interest paid	-656	-1,255	-768	-2,814	-2,843
Gross proceeds from capital increase	0	0	0	266,575	0
Direct cost related to capital increase	0	0	0	-7,389	0
Payment of preference dividend	-3,095	0	0	-3,095	0
Distribution to non-controlling interests	0	-11	0	-11	-11
<b>Cash Flow from (used in) financing activities</b>	<b>-13,055</b>	<b>28,566</b>	<b>-9,079</b>	<b>219,257</b>	<b>45,917</b>
Effect of changes in foreign currency exchange rates on cash	6,296	-228	9,907	33,109	-177
Increase/(decrease) of cash and cash equivalents	-30,449	27,306	-16,826	181,968	38,237
Cash and cash equivalents at the beginning of the period	343,389	77,080	350,307	104,157	66,098
<b>Cash and cash equivalents at the end of the period</b>	<b>319,235</b>	<b>104,157</b>	<b>343,389</b>	<b>319,235</b>	<b>104,157</b>

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