



## X-FAB Third Quarter Results

### Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – November 7<sup>th</sup>, 2017, 7.00 am CET

#### Highlights for Q3 2017:

- **Revenue of USD 140.3 million, up 9% year-on-year and up 1% quarter-on-quarter**
- **EBITDA of USD 26.7 million with an EBITDA margin of 19%**
- **Both revenue and EBITDA are in-line with guidance**
- **EBIT of USD 12.8 million, down 35% year-on-year and up 40% quarter-on-quarter**
- **Net profit of USD 22.4 million, up 34% year-on-year and down 7% quarter-on-quarter**
- **Earnings per share of USD 0.17**

#### Q4 2017 Outlook:

- **Revenue expected of USD 147-153 million with an EBITDA margin of about 20%**

In the third quarter, the integration of X-FAB France moved forward. As scheduled, first production on X-FAB's proprietary technologies was delivered out of the factory in Corbeil-Essonnes.

The capacity expansion of the Malaysian fab is on track after the USD 40 million CAPEX project was kicked off in the second quarter of 2017. The capacity of the site will increase by 4,000 wafer starts per month to a total of 28,000 wafer starts per month, which will become fully effective in the second quarter of 2018.

X-FAB Texas is expected to record first SiC production revenue in the fourth quarter of 2017.

In the third quarter, the utilization rate of the factories increased. In addition to this, the share of X-FAB's core market segments automotive, industrial and medical went up while the lower margin consumer business decreased. These factors contributed to an improved profitability. Revenues in the consumer segment experienced a dip in the third quarter due to an ongoing transition to next generation products on customer side. The consumer segment is expected to strengthen in the fourth quarter of 2017.

At a constant USD/Euro currency exchange rate, revenues grew by 8% year-on-year and were flat quarter-on-quarter.



## Revenue Breakdown per Quarter

| in millions of USD                        | Q1 2016      |              | Q2 2016      |              | Q3 2016      |              | Q4 2016      |              | Q1 2017      |              | Q2 2017      |              | Q3 2017      |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Automotive                                | 46.2         |              | 52.9         |              | 55.9         |              | 56.0         |              | 54.5         |              | 59.3         |              | 66.5         |              |
| Industrial                                | 11.8         |              | 11.3         |              | 14.9         |              | 12.7         |              | 15.2         |              | 16.5         |              | 16.7         |              |
| Medical                                   | 2.7          |              | 2.6          |              | 4.1          |              | 3.5          |              | 4.6          |              | 4.5          |              | 6.6          |              |
| <b>Subtotal core business<sup>1</sup></b> | <b>60.6</b>  | <b>56.9%</b> | <b>66.8</b>  | <b>56.4%</b> | <b>74.8</b>  | <b>58.2%</b> | <b>72.2</b>  | <b>45.3%</b> | <b>74.3</b>  | <b>50.2%</b> | <b>80.3</b>  | <b>57.6%</b> | <b>89.8</b>  | <b>64.0%</b> |
| CCC <sup>2</sup>                          | 24.8         |              | 25.5         |              | 29.8         |              | 30.5         |              | 30.9         |              | 24.4         |              | 18.8         |              |
| Others                                    | 0.7          |              | 0.7          |              | 0.3          |              | 0.7          |              | 0.7          |              | 0.5          |              | 0.8          |              |
| <b>Subtotal<sup>1</sup></b>               | <b>86.1</b>  | <b>80.8%</b> | <b>93.0</b>  | <b>78.5%</b> | <b>105.0</b> | <b>81.6%</b> | <b>103.4</b> | <b>64.9%</b> | <b>106.0</b> | <b>71.7%</b> | <b>105.2</b> | <b>75.5%</b> | <b>109.5</b> | <b>78.0%</b> |
| X-FAB France <sup>3</sup>                 | 0.0          |              | 0.0          |              | 0.0          |              | 31.6         |              | 26.5         |              | 31.0         |              | 30.8         |              |
| Subcontracted business                    | 20.4         |              | 25.5         |              | 23.6         |              | 24.3         |              | 15.4         |              | 3.2          |              | 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> |              |

<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 third quarter of 2017, prototyping revenues as indicator for future business came in at USD 12.8 million. Year-to-date, prototyping revenues totaled USD 39.1 million, which is an increase of 25% compared to the same period last year. Prototyping revenues in the core market segments automotive, industrial and medical typically convert into production revenues within four to five years after initial prototyping. With the stronger contribution from the core markets in the third quarter representing 66% of total revenue, overall visibility continued to improve.

Commenting on the development of X-FAB's medical business, Rudi De Winter added: "I am very excited about our medical business which reached a share of 5% of total sales in the past quarter. The medical business grew by 68% in the first nine months of the year compared to the same period of last year. This was mainly driven by revenues for various lab-on-a-chip diagnostic devices, e.g. for the DNA analysis of tumor cells. As these lab-on-a-chip applications keep progressing with FDA approvals, and as they are more and more qualifying for reimbursement by medical insurances, the adoption of these techniques will increase."

## FX Sensitivity

Relating to the financials as per September 2017 YTD, 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 10 million while on a yearly basis it would have a negative effect of USD 12 million on the operational result.



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

X-FAB's third quarter results will be discussed in a live conference call on Tuesday, November 7<sup>th</sup>, 2017 at 5.00 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/7598149>

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 November 7<sup>th</sup> 8 pm CET until November 13<sup>th</sup> 8 pm CET. The replay number will be +44 (0)1452550000, conference ID 7598149.

The fourth quarter and full year results will be communicated on February 13<sup>th</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 µm, 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 more than 3,800 people worldwide.

For more information, please visit [www.xfab.com](http://www.xfab.com).

## **X-FAB Press Contact**

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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.



## Consolidated Statement of Profit and Loss

| in thousands of USD                                   | Quarter ended<br>30 Sep 2017 | Quarter ended<br>30 Sep 2016 | Quarter ended<br>30 Jun 2017 | Nine months ended<br>30 Sep 2017 | Nine months ended<br>30 Sep 2016 |
|---|------------------------------|------------------------------|------------------------------|----------------------------------|----------------------------------|
| Revenue   | 140,287                      | 128,588                      | 139,340                      | 427,569                          | 353,599                          |
| Revenues in USD in %                                  | 81%                          | 86%                          | 83%                          | 84%                              | 87%                              |
| Revenues in EUR in %                                  | 19%                          | 14%                          | 17%                          | 16%                              | 13%                              |
| Cost of sales   | -112,081                     | -95,103                      | -115,409                     | -346,123                         | -276,466                         |
| <b>Gross Profit</b>                                   | <b>28,206</b>                | <b>33,485</b>                | <b>23,931</b>                | <b>81,446</b>                    | <b>77,133</b>                    |
| <i>Gross Profit margin in %</i>                       | <i>20,1</i>                  | <i>26,0</i>                  | <i>17,2</i>                  | <i>19,0</i>                      | <i>21,8</i>                      |
| Research and development expenses                     | -6,995                       | -6,869                       | -6,697                       | -21,195                          | -17,769                          |
| Selling expenses                                      | -2,123                       | -1,642                       | -2,151                       | -6,644                           | -5,193                           |
| General and administrative expenses                   | -6,992                       | -5,269                       | -6,938                       | -21,699                          | -14,870                          |
| Rental income and expenses from investment properties | 628                          | -182                         | 954                          | 1,637                            | -969                             |
| Other income and other expenses                       | 103                          | 215                          | 73                           | 5                                | 361                              |
| <b>Operating profit</b>                               | <b>12,826</b>                | <b>19,739</b>                | <b>9,171</b>                 | <b>33,550</b>                    | <b>38,693</b>                    |
| Finance income  | 19,294                       | 217                          | 24,928                       | 44,935                           | 2,014                            |
| Finance costs   | -9,857                       | -2,647                       | -10,127                      | -20,931                          | -7,206                           |
| <b>Net financial result</b>                           | <b>9,437</b>                 | <b>-2,429</b>                | <b>14,802</b>                | <b>24,004</b>                    | <b>-5,192</b>                    |
| <b>Profit before taxes</b>                            | <b>22,263</b>                | <b>17,309</b>                | <b>23,972</b>                | <b>57,554</b>                    | <b>33,501</b>                    |
| Income tax  | 146                          | -590                         | 122                          | 163                              | -685                             |
| <b>Profit for the period</b>                          | <b>22,409</b>                | <b>16,708</b>                | <b>24,113</b>                | <b>57,742</b>                    | <b>32,810</b>                    |
| <b>EBITDA</b>   | <b>26,742</b>                | <b>32,539</b>                | <b>23,144</b>                | <b>74,975</b>                    | <b>75,656</b>                    |
| <i>EBITDA margin in %</i>                             | <i>19,1</i>                  | <i>25,3</i>                  | <i>16,6</i>                  | <i>17,5</i>                      | <i>21,4</i>                      |
| <b>Earnings per share at the end of period</b>        | <b>0.17</b>                  | <b>0.17</b>                  | <b>0.19</b>                  | <b>0.48</b>                      | <b>0.33</b>                      |
| Weighted average number of shares                     | 130,631,921                  | 99,381,921                   | 128,571,481                  | 119,642,910                      | 99,381,921                       |
| EUR/USD average exchange rate                         | 1.17442                      | 1.11677                      | 1.09860                      | 1.11274                          | 1.11604                          |



## Consolidated Statement of Financial Position

| in thousands of USD  | Nine Months ended<br>30 Sep 2017 | Nine months ended<br>30 Sep 2016 | Year ended<br>31 Dec 2016<br>audited |
|--|----------------------------------|----------------------------------|--------------------------------------|
| <b>ASSETS</b>  |                                  |                                  |                                      |
| <b>Non-current assets</b>  |                                  |                                  |                                      |
| Property, plant and equipment                                    | 297,290                          | 260,338                          | 265,472                              |
| Investment properties  | 8,737                            | 9,137                            | 9,143                                |
| Intangible assets  | 6,672                            | 7,046                            | 7,874                                |
| Non-current investments  | 680                              | 278                              | 190                                  |
| Other non-current assets   | 147                              | 49                               | 36                                   |
| Deferred tax assets  | 23,968                           | 14,679                           | 19,904                               |
| <b>Total non-current assets</b>                                  | <b>337,493</b>                   | <b>291,528</b>                   | <b>302,618</b>                       |
| <b>Current assets</b>  |                                  |                                  |                                      |
| Inventories  | 105,417                          | 74,619                           | 88,972                               |
| Trade and other receivables                                      | 72,690                           | 77,186                           | 77,292                               |
| Other assets   | 35,047                           | 10,757                           | 18,881                               |
| Cash and cash equivalents  | 343,389                          | 77,080                           | 104,157                              |
| <b>Total current assets</b>                                      | <b>556,543</b>                   | <b>239,642</b>                   | <b>289,303</b>                       |
| <b>TOTAL ASSETS</b>  | <b>894,036</b>                   | <b>531,169</b>                   | <b>591,921</b>                       |
| <b>EQUITY AND LIABILITIES</b>                                    |                                  |                                  |                                      |
| <b>Equity</b>  |                                  |                                  |                                      |
| Share capital  | 432,745                          | 265,231                          | 265,231                              |
| Share premium  | 349,446                          | 264,535                          | 255,262                              |
| Retained earnings  | -138,764                         | -209,318                         | -196,506                             |
| Cumulative translation adjustment                                | -420                             | -956                             | -879                                 |
| Treasury shares  | -770                             | -10,043                          | -770                                 |
| <b>Total equity attributable to equity holders of the parent</b> | <b>642,237</b>                   | <b>309,450</b>                   | <b>322,338</b>                       |
| Non-controlling interests  | 364                              | 379                              | 400                                  |
| <b>Total equity</b>  | <b>642,601</b>                   | <b>309,829</b>                   | <b>322,738</b>                       |
| <b>Non-current liabilities</b>                                   |                                  |                                  |                                      |
| Non-current loans and borrowings                                 | 118,941                          | 107,284                          | 132,407                              |
| Other non-current liabilities and provisions                     | 8,893                            | 1,451                            | 8,481                                |
| <b>Total non-current liabilities</b>                             | <b>127,834</b>                   | <b>108,734</b>                   | <b>140,888</b>                       |
| <b>Current liabilities</b>                                       |                                  |                                  |                                      |
| Trade payables   | 28,022                           | 35,046                           | 49,032                               |
| Current loans and borrowings                                     | 36,175                           | 33,581                           | 31,432                               |
| Other current liabilities and provisions                         | 59,404                           | 43,978                           | 47,831                               |
| <b>Total current liabilities</b>                                 | <b>123,600</b>                   | <b>112,606</b>                   | <b>128,295</b>                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                              | <b>894,036</b>                   | <b>531,169</b>                   | <b>591,921</b>                       |



## Consolidated Statement of Cash Flow

| in thousands of USD  | Quarter ended<br>30 Sep 2017 | Quarter ended<br>30 Sep 2016 | Nine months ended<br>30 Sep 2017 | Nine months ended<br>30 Sep 2016 |
|--|------------------------------|------------------------------|----------------------------------|----------------------------------|
| <b>Income before taxes</b>   | <b>22,263</b>                | <b>17,309</b>                | <b>57,554</b>                    | <b>33,501</b>                    |
| <b>Reconciliation of net income to cash flow arising from operating activities:</b>  | <b>4,871</b>                 | <b>15,801</b>                | <b>17,332</b>                    | <b>41,947</b>                    |
| Depreciation and amortization, before effect of grants and subsidies                 | 13,917                       | 12,800                       | 41,425                           | 36,963                           |
| Recognized investment grants and subsidies netted with depreciation and amortization | -892                         | -169                         | -2,754                           | -1,951                           |
| Interest income and expenses (net)   | 803                          | 1,046                        | 2,452                            | 3,212                            |
| Loss/(gain) on the sale of plant, property and equipment (net)                       | -64                          | -17                          | -64                              | -232                             |
| Loss/(gain) on the change in fair value of derivatives (net)                         | -3,489                       | 0                            | -11,229                          | 0                                |
| Other non-cash transactions (net)  | -5,402                       | 2,141                        | -12,498                          | 3,955                            |
| <b>Changes in working capital:</b>   | <b>-16,986</b>               | <b>20,496</b>                | <b>-27,456</b>                   | <b>-13,504</b>                   |
| Decrease/(increase) of trade receivables   | -2,754                       | 7,425                        | 6,123                            | -26,570                          |
| Decrease/(increase) of other receivables & prepaid expenses                          | -6,779                       | 17,699                       | -11,340                          | -2,366                           |
| Decrease/(increase) of inventories   | -7,390                       | -3,623                       | -14,595                          | -12,762                          |
| (Decrease)/increase of trade payables  | -4,587                       | 17,638                       | -21,930                          | 20,579                           |
| (Decrease)/increase of other liabilities   | 4,525                        | -18,642                      | 14,286                           | 7,614                            |
| Income taxes (paid)/received   | -618                         | -2,545                       | -870                             | -2,675                           |
| <b>Cash Flow from operating activities</b>   | <b>9,530</b>                 | <b>51,061</b>                | <b>46,559</b>                    | <b>59,269</b>                    |
| <b>Cash Flow from investing activities:</b>  |                              |                              |                                  |                                  |
| Payments for property, plant, equipment & intangible assets                          | -17,836                      | -27,803                      | -67,827                          | -60,747                          |
| Payments for investments   | 0                            | -70                          | 0                                | -278                             |
| Acquisition of subsidiary, net of cash acquired                                      | 0                            | 0                            | 0                                | 0                                |
| Payments for loan investments to related parties                                     | -33                          | -5,556                       | -95                              | -5,639                           |
| Proceeds from loan investments related parties                                       | 30                           | 34                           | 111                              | 103                              |
| Proceeds from sale of property, plant and equipment                                  | 66                           | 18                           | 67                               | 735                              |
| Interest received  | 495                          | 39                           | 1,292                            | 138                              |
| <b>Cash Flow used in investing activities</b>  | <b>-17,277</b>               | <b>-33,337</b>               | <b>-66,453</b>                   | <b>-65,688</b>                   |

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## Consolidated Statement of Cash Flow – con't

| in thousands of USD  | Quarter ended<br>30 Sep 2017 | Quarter ended<br>30 Sep 2016 | Nine months ended<br>30 Sep 2017 | Nine months ended<br>30 Sep 2016 |
|--|------------------------------|------------------------------|----------------------------------|----------------------------------|
| <b>Cash Flow from (used in) financing activities:</b>        |                              |                              |                                  |                                  |
| Proceeds from loans and borrowings                           | 0                            | 17,555                       | 0                                | 27,080                           |
| Repayment of loans and borrowings                            | -7,978                       | -5,253                       | -23,182                          | -14,365                          |
| Receipts from sale & leaseback arrangements                  | 8                            | 4,731                        | 8                                | 5,399                            |
| Payments of lease installments                               | -670                         | -293                         | -1,909                           | -983                             |
| Receipt of government grants and subsidies                   | 329                          | -626                         | 375                              | 1,807                            |
| Interest paid  | -768                         | -280                         | -2,157                           | -1,587                           |
| Gross proceeds from capital increase                         | 0                            | 0                            | 266,575                          | 0                                |
| Direct cost related to capital increase                      | 0                            | 0                            | -7,389                           | 0                                |
| Distribution to non-controlling interests                    | 0                            | 0                            | -11                              | 0                                |
| <b>Cash Flow from (used in) financing activities</b>         | <b>-9,079</b>                | <b>15,834</b>                | <b>232,311</b>                   | <b>17,351</b>                    |
| Effect of changes in foreign currency exchange rates on cash | 9,907                        | -1                           | 26,814                           | 65                               |
| Increase/(decrease) of cash and cash equivalents             | -16,826                      | 33,558                       | 212,418                          | 10,931                           |
| Cash and cash equivalents at the beginning of the period     | 350,307                      | 43,536                       | 104,157                          | 66,084                           |
| <b>Cash and cash equivalents at the end of the period</b>    | <b>343,389</b>               | <b>77,093</b>                | <b>343,389</b>                   | <b>77,080</b>                    |

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