

Regulated Information

X-FAB First Quarter 2024 Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – April 25, 2024, 07.00 a.m. CEST

Highlights Q1 2024:

- › Revenue was USD 216.2 million, up 4% year-on-year (YoY) and down 9% quarter-on-quarter (QoQ), within the guidance of USD 215-225 million
- › Revenue in X-FAB's key end markets – automotive, industrial, and medical – was up 9% YoY*
- › All-time high silicon carbide (SiC) revenue at USD 26.3 million*, up 100% YoY
- › All-time high bookings at USD 271.5 million, up 20% YoY
- › EBITDA at USD 51.0 million, down 12% YoY
- › EBITDA margin of 23.6%; excluding IFRS 15 impact, EBITDA margin was 24.0%, compared to the guidance of 24-27%
- › EBIT was USD 27.2 million, down 27% YoY

Outlook:

- › Q2 2024 revenue is expected to come in within a range of USD 200-210 million with an EBITDA margin in the range of 20-23%.
- › This guidance is based on an average exchange rate of 1.08 USD/Euro.
- › Full-year 2024 guidance gets reiterated with revenue in a range of USD 900-970 million and an EBITDA margin in the range of 25-29%

Revenue breakdown per quarter:

in millions of USD	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q1 y-o-y growth
Automotive	98.3	96.9	104.4	120.9	131.1	135.3	151.8	135.6	12%
Industrial	42.5	46.7	42.3	46.9	51.3	53.7	54.3	52.6	12%
Medical	13.9	13.5	14.6	17.6	16.2	17.0	16.4	14.5	-18%
Subtotal core business	154.7	157.0	161.3	185.4	198.7	206.1	222.5	202.6	9%
	81.9%	83.4%	87.9%	89.1%	90.8%	92.2%	92.8%	92.6%	
CCC ¹	33.6	30.7	21.6	22.5	20.0	17.2	17.2	16.0	-29%
Others	0.6	0.6	0.7	0.2	0.2	0.2	0.1	0.1	
Revenue*	188.8	188.3	183.6	208.1	218.9	223.5	239.8	218.7	5%
Impact from revenue recognized over time	0	0	0	0	8.3	10.4	-2.0	-2.6	
Total revenue	188.8	188.3	183.6	208.1	227.1	233.8	237.7	216.2	4%

¹Consumer, Communications & Computer

*excluding impact from revenue recognized over time according to IFRS 15



in millions of USD	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q1 y-o-y growth
CMOS	156.3	152.6	151.9	172.8	180.7	180.5	188.4	168.3	-3%
Microsystems	19.8	18.4	19.5	22.2	20.8	24.4	27.9	24.1	9%
Silicon carbide	12.8	17.4	12.2	13.2	17.3	18.6	23.5	26.3	100%
Revenue*	188.8	188.3	183.6	208.1	218.9	223.5	239.8	218.7	5%
Impact from revenue recognized over time	0	0	0	0	8.3	10.4	-2.0	-2.6	
Total revenue	188.8	188.3	183.6	208.1	227.1	233.8	237.7	216.2	4%

Business development

In the first quarter of 2024, X-FAB recorded revenues of USD 216.2 million, up 4% year-on-year and down 9% quarter-on-quarter. Excluding the impact from revenue recognized over time of USD -2.6 million, first quarter revenue totaled USD 218.7 million. This is in line with the guidance of USD 215-225 million.

Revenues in X-FAB's core markets – automotive, industrial, and medical – amounted to USD 202.6 million*, up 9% year-on-year and representing a 93% share of total revenues*.

The first quarter was characterized by continued strong demand for X-FAB's 200mm CMOS technologies, in particular the 180nm process, and microsystems technologies, resulting in record quarterly bookings of USD 271.5 million, up 20% year-on-year. This is also reflected in the backlog, which amounted to USD 520.9 million, up from USD 475.8 million at the end of the previous quarter.

In the first quarter, automotive revenue came in at USD 135.6 million*, up 12% year-on-year and down 11% compared to a strong previous quarter. Industrial revenues were USD 52.6 million*, which is an increase of 12% year-on-year. The industrial end market benefited from record silicon carbide (SiC) revenues in the first quarter. SiC revenues totaled USD 26.3 million*, up 100% year-on-year. On the other side, customer actions to reduce high inventory levels resulted in low quarterly SiC bookings with a book-to-bill of 0.38 in the first quarter. Despite this temporary weakness in silicon carbide, the outlook remains positive. X-FAB's SiC customers continue to be upbeat about the long-term prospects and X-FAB signed another long-term agreement with one of its silicon carbide customers.

The long-term fundamentals for the automotive and industrial end markets remain strong. The megatrend of "electrification of everything" to mitigate climate change drives the structural demand for X-FAB's specialty technologies that enable energy-efficient and climate-friendly solutions for a wide range of applications. Apart from silicon carbide, X-FAB's 180nm HV CMOS technology is in high demand and one of the key technologies used. Its growth will be supported by the ongoing capacity conversion and debottlenecking at X-FAB France. In the first quarter, the French site's revenues based on X-FAB technologies recorded a year-on-year growth of 42% and accounted for 93% of the site's total revenue.

*excluding impact from revenue recognized over time according to IFRS 15



In the first quarter of 2024, medical revenues were USD 14.5 million*, down 18% year-on-year, mainly due to normal fluctuations. A key driver for innovative medical solutions is X-FAB's microsystems expertise to combine MEMS and CMOS and to enable the integration of different systems at wafer level. Microsystems revenue in the first quarter amounted to USD 24.1 million*, up 9% year-on-year. The main contributors to X-FAB's medical business in the first quarter were a next-generation DNA sequencing application and an ultrasound probe head IC.

In the first quarter, X-FAB's CCC (Consumer, Communication & Computer) business came in at USD 16.0 million*, down 29% year-on-year.

Quarterly prototyping revenues totaled at USD 23.2 million*, down 12% year-on-year. Apart from normal fluctuations, the decline is mainly related to industrial customers and the current temporary weakness in silicon carbide.

Prototyping and production revenue* per quarter and end market:

in millions of USD	Revenue	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Automotive	Prototyping	3.5	3.9	6.2	10.0	6.7
	Production	117.3	127.2	129.1	141.8	128.9
Industrial	Prototyping	14.2	16.6	14.3	10.5	10.7
	Production	32.7	34.8	39.4	43.8	41.9
Medical	Prototyping	2.9	2.5	3.3	3.3	2.7
	Production	14.7	13.7	13.7	13.1	11.8
CCC	Prototyping	5.7	4.5	3.3	3.5	3.1
	Production	16.8	15.4	13.9	13.7	12.9

The lower revenue guidance for the second quarter reflects the anticipated decline in demand for X-FAB's 150mm CMOS technologies, primarily from industrial customers, as well as a decline in SiC revenues following the reduction of SiC bookings in the first quarter. The second quarter is considered to mark the bottom of the current slowdown with X-FAB's SiC business expected to gradually recover in the second half of the year. The positive long-term outlook for X-FAB's business remains unchanged due to the Group's positioning in high-growth end markets and its future-oriented technology portfolio, which enables sustainable solutions for today's key societal challenges.

Operations update

In the first quarter, X-FAB's 200mm CMOS lines and the MEMS/microsystems fabs were running at full load and capacity still had to be allocated.

*excluding impact from revenue recognized over time according to IFRS 15



The sites that produce the 150mm CMOS technologies, i.e. in Erfurt, Germany, and Lubbock, Texas, recorded lower utilization rates in line with the lower demand for these technologies. Both sites are focused on the transition to their respective new areas of business, i.e. MEMS/microsystems in Erfurt and silicon carbide in Lubbock.

In the first quarter, X-FAB's capacity expansion program continued as planned. Key projects include the expansion of capacity for X-FAB's popular 200mm CMOS technology at X-FAB France and X-FAB Sarawak, Malaysia, as well as X-FAB's SiC business at X-FAB Texas. The building construction at the Malaysian site to create additional clean room space is on schedule, and it is planned to start moving in equipment in the fourth quarter of 2024.

Total capital expenditures in the first quarter came in at USD 105.0 million, up 5% against the previous quarter.

Financial update

First quarter EBITDA was USD 51.0 million with an EBITDA margin of 23.6%. Excluding the impact from revenues recognized over time, the EBITDA margin of the first quarter would have been 24.0%, at the lower end of the guided 24-27%. The quarterly guidance does not take the impact related to IFRS 15 into account, as this cannot be reliably predicted.

First quarter profitability was negatively impacted by a combination of lower 150mm CMOS production and lower SiC wafer starts. A reversal is expected in the second half of 2024, driven by the recovery of the SiC business and the positive effects of increased economies of scale as additional 200mm CMOS capacity becomes available. In addition, X-FAB has initiated a number of measures to adjust the cost structure of the sites producing 150mm CMOS wafers while accelerating the transition to silicon carbide in Lubbock and microsystems in Erfurt to replace the 150mm CMOS business.

Thanks to the natural hedging of X-FAB's business in terms of currency exposure, profitability is not affected by exchange rate fluctuations. At a constant USD/Euro exchange rate of 1,07 as experienced in the previous year's quarter, the EBITDA margin would have been 0,1 percentage points lower.

Cash and cash equivalents at the end of the first quarter amounted to USD 351.5 million.



Management comments

Rudi De Winter, CEO of X-FAB Group, said: "In the first quarter, we continued to see very strong demand for our popular 200mm CMOS and microsystems technologies, resulting in an all-time high quarterly order intake. On the other hand, our silicon carbide business was impacted by the general weakness in the SiC market, reflected by a decline in SiC order intake. Supported by our SiC customers' confidence in their future business development, we see this as a temporary dip. We are confident in X-FAB's positioning in the semiconductor market, and the overall high level of bookings underscores the importance of our ongoing capacity expansion program to ensure reliable supply to our customers in line with their business needs. With more capacity coming online and the recovery of the SiC business, we expect strong growth in the second half of the year versus the first half."

X-FAB Quarterly Conference Call

X-FAB's first quarter results will be discussed in a live conference call/webcast on Thursday, April 25, 2024, 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 second quarter 2024 results will be communicated on July 25, 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 approx. 4,500 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 31 Mar 2024 unaudited	Quarter ended 31 Mar 2023 unaudited	Quarter ended 31 Dec 2023 unaudited	Year ended 31 Dec 2023 audited
Revenue*	218,712	208,109	239,750	890,181
Impact from revenue recognized over time	-2,559	0	-2,017	16,605
Total revenue	216,152	208,109	237,733	906,786
Revenues in USD in %	62	55	57	56
Revenues in EUR in %	38	45	43	44
Cost of sales	-165,786	-150,912	-174,183	-648,734
Gross Profit	50,367	57,197	63,551	258,052
<i>Gross Profit margin in %</i>	<i>23.3</i>	<i>27.5</i>	<i>26.7</i>	<i>28.5</i>
Research and development expenses	-11,106	-10,922	-12,581	-47,191
Selling expenses	-2,537	-2,196	-2,157	-8,463
General and administrative expenses	-12,811	-10,501	-13,113	-47,157
Rental income and expenses from investment properties	1,434	2,071	-532	2,906
Other income and other expenses	1,847	1,743	392	-472
Operating profit	27,193	37,393	35,559	157,675
Finance income	5,778	8,538	10,451	34,658
Finance costs	-7,653	-10,255	-10,172	-37,149
Net financial result	-1,875	-1,717	280	-2,491
Profit before tax	25,318	35,676	35,839	155,184
Income tax	-2,260	7,042	2,964	6,711
Profit for the period	23,059	42,717	38,803	161,895
Operating profit (EBIT)	27,193	37,393	35,559	157,674
Depreciation	23,765	20,618	24,048	87,939
EBITDA	50,958	58,011	59,607	245,614
<i>EBITDA margin in %</i>	<i>23.6</i>	<i>27.9</i>	<i>25.1</i>	<i>27.1</i>
Earnings per share at the end of period	0.18	0.33	0.30	1.24
Weighted average number of shares	130,631,921	130,631,921	130,631,921	130,631,921
EUR/USD average exchange rate	1.08605	1.07165	1.07570	1.08138

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 impact from revenue recognized over time in accordance with IFRS 15

Condensed Consolidated Statement of Financial Position

in thousands of USD	Quarter ended 31 Mar 2024 unaudited	Quarter ended 31 Mar 2023 unaudited	Year ended 31 Dec 2023 audited
ASSETS			
Non-current assets			
Property, plant, and equipment	800,843	486,499	734,488
Investment properties	7,108	7,539	7,171
Intangible assets	5,985	6,184	5,627
Other non-current assets	54	73	58
Deferred tax assets	83,692	77,577	83,772
Total non-current assets	897,682	577,872	831,116
Current assets			
Inventories	276,983	233,322	269,227
Contract assets	21,451	0	24,010
Trade and other receivables	119,271	93,896	123,101
Other assets	48,786	53,231	50,659
Cash and cash equivalents	351,468	350,276	405,701
Total current assets	817,959	730,725	872,698
TOTAL ASSETS	1,715,640	1,308,597	1,703,814
EQUITY AND LIABILITIES			
Equity			
Share capital	432,745	432,745	432,745
Share premium	348,709	348,709	348,709
Retained earnings	203,218	59,227	180,159
Cumulative translation adjustment	-1,052	-297	-301
Treasury shares	-770	-770	-770
Total equity attributable to equity holders of the parent	982,850	839,614	960,542
Non-controlling interests	0	0	0
Total equity	982,850	839,614	960,542
Non-current liabilities			
Non-current loans and borrowings	58,778	59,143	42,661
Other non-current liabilities and provisions	4,696	4,023	4,024
Total non-current liabilities	63,474	63,165	46,685
Current liabilities			
Trade payables	102,660	78,119	90,681
Current loans and borrowings	185,400	211,542	218,316
Other current liabilities and provisions	381,258	116,157	387,590
Total current liabilities	669,317	405,818	696,587
TOTAL EQUITY AND LIABILITIES	1,715,640	1,308,597	1,703,814

Condensed Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 31 Mar 2024 unaudited	Quarter ended 31 Mar 2023 unaudited	Quarter ended 31 Dec 2023 unaudited	Year ended 31 Dec 2023 audited
Income before taxes	25,318	35,676	35,839	155,184
Reconciliation of net income to cash flow arising from operating activities:	23,732	22,981	16,227	88,948
Depreciation and amortization, before effect of grants and subsidies	23,765	20,618	24,048	87,939
Recognized investment grants and subsidies netted with depreciation and amortization	-673	-737	-730	-2,972
Interest income and expenses (net)	-306	1,445	607	2,600
Loss/(gain) on the sale of plant, property, and equipment (net)	-1,751	-1,483	-199	-3,373
Other non-cash transactions (net)	2,698	3,138	-7,498	4,754
Changes in working capital:	-799	-1,210	70,615	172,490
Decrease/(increase) of trade receivables	8,252	-21,001	-496	-39,774
Decrease/(increase) of other receivables & prepaid expenses	6,587	3,073	5,371	4,855
Decrease/(increase) of inventories	-4,951	-18,886	-8,266	-52,504
Decrease/(increase) of contract assets	2,559	0	2,017	-24,010
(Decrease)/increase of trade payables	-206	27,240	16,823	16,634
(Decrease)/increase of other liabilities	-13,040	8,364	55,166	267,289
Income taxes (paid)/received	-1,441	-109	-3,275	-6,658
Cash Flow from operating activities	46,810	57,339	119,405	409,964
Cash Flow from investing activities:				
Payments for property, plant, equipment & intangible assets	-104,980	-48,895	-100,432	-337,789
Acquisition of subsidiary, net of cash acquired	23,229	0	0	0
Payments for loan investments to related parties	0	-135	-39	-276
Proceeds from loan investments related parties	0	120	47	252
Proceeds from sale of property, plant, and equipment	1,791	1,486	235	3,733
Interest received	3,433	1,014	3,748	10,457
Cash Flow used in investing activities	-76,527	-46,411	-96,442	-323,623



Condensed Consolidated Statement of Cash Flow – con't

in thousands of USD	Quarter ended 31 Mar 2024 unaudited	Quarter ended 31 Mar 2023 unaudited	Quarter ended 31 Dec 2023 unaudited	Year ended 31 Dec 2023 audited
Cash Flow from (used in) financing activities:				
Proceeds from loans and borrowings	50,300	9,213	105,640	205,784
Repayment of loans and borrowings	-94,113	-35,931	-112,939	-241,806
Receipts of sale & leaseback arrangements	31,616	0	0	0
Payments of lease installments	-1,169	-1,513	-1,197	-5,512
Interest paid	-4,058	-3,258	-7,170	-11,630
Cash Flow from (used in) financing activities	-17,423	-31,488	-15,666	-53,164
Effect of changes in foreign currency exchange rates on cash	-7,093	1,411	7,129	3,099
Increase/(decrease) of cash and cash equivalents	-47,140	-20,560	7,298	33,177
Cash and cash equivalents at the beginning of the period	405,701	369,425	391,274	369,425
Cash and cash equivalents at the end of the period	351,468	350,276	405,701	405,701

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