

## Regulated Information

# X-FAB First Quarter 2021 Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – April 29, 2021, 07.00 a.m. CET

## Highlights Q1 2021:

- › Revenue was USD 155.4 million, clearly exceeding the initial guidance of USD 145-152 million, up 22% year-on-year (YoY) and up 14% quarter-on-quarter (QoQ)
- › Record quarterly bookings at USD 210.9 million, up 42% YoY and up 11% QoQ
- › EBITDA margin of 22.9%, clearly above the 16-20% guidance
- › EBITDA was USD 35.6 million, up 105% YoY and up 58% QoQ
- › EBIT was USD 17.0 million, up USD 18.5 million YoY and up USD 13.4 million QoQ

## Outlook:

- › Q2 2021 revenue is expected in the range of USD 154-160 million with an EBITDA margin in the range of 17-21%.
- › Based on projects in the pipeline, the strong demand and the backlog accumulated over the past two quarters, revenue guidance for the full year is raised to USD 610-630 million with an EBITDA margin in the range of 18-21%
- › The guidance is based on an average exchange rate of 1.2 USD/Euro.

## Revenue breakdown per quarter:

in millions of USD	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q1 y-o-y growth
Automotive	62.5	60.5	56.7	68.3	61.6	40.8	65.4	83.5	22%
Industrial	23.3	24.4	20.1	22.1	23.9	23.9	27.3	32.4	46%
Medical	6.3	8.8	6.3	6.5	7.3	7.7	12.0	8.7	33%
Subtotal core business	92.1	93.7	83.2	96.9	92.7	72.3	104.7	124.6	29%
	70.0%	71.8%	73.3%	76.4%	78.1%	75.2%	77.1%	80.1%	
CCC <sup>1</sup>	39.1	36.7	30.1	29.7	25.9	23.7	30.9	30.6	3%
Others	0.3	0.0	0.1	0.3	0.2	0.1	0.3	0.3	
<b>Total revenues</b>	<b>131.6</b>	<b>130.5</b>	<b>113.4</b>	<b>126.9</b>	<b>118.8</b>	<b>96.1</b>	<b>135.9</b>	<b>155.4</b>	<b>22%</b>

<sup>1</sup> Consumer, Communications & Computer

in millions of USD	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q1 y-o-y growth
CMOS	114.4	114.4	98.1	112.8	103.4	81.1	115.0	135.9	20%
MEMS	10.7	9.5	9.9	9.6	10.4	9.8	14.6	14.4	51%
Silicon carbide	6.4	6.5	5.5	4.5	5.0	5.2	6.3	6.1	35%
<b>Total revenues</b>	<b>131.6</b>	<b>130.5</b>	<b>113.4</b>	<b>126.9</b>	<b>118.8</b>	<b>96.1</b>	<b>135.9</b>	<b>155.4</b>	<b>22%</b>

## Business development

In the first quarter of 2021, X-FAB achieved revenues amounting to USD 155.4 million, clearly exceeding the guided USD 145-152 million. Revenues were up 22% year-on-year and up 14% quarter-on-quarter.

Business developed positively with strong double-digit growth across all X-FAB's key end markets. Revenues of the automotive, industrial and medical businesses totaled USD 124.6 million, up 29% year-on-year and up 19% quarter-on-quarter. X-FAB's core business represented a share of 80% of the first quarter revenues.

Bookings remained at a high level throughout the first quarter setting a new quarterly record of USD 210.9 million. This is an increase of 42% year-on-year and 11% quarter-on-quarter.

### **Prototyping and production revenue per quarter and end market:**

in millions of USD	Revenue	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q1 y-o-y growth
Automotive	Prototyping	2.1	2.3	2.6	3.6	3.2	48%
	Production	66.2	59.3	38.2	61.8	80.4	21%
Industrial	Prototyping	7.3	7.2	7.2	8.2	9.0	24%
	Production	14.8	16.7	16.6	19.0	23.3	58%
Medical	Prototyping	2.0	3.3	3.4	6.9	2.2	10%
	Production	4.5	4.0	4.2	5.1	6.4	44%
CCC	Prototyping	2.4	2.6	2.6	3.2	4.3	80%
	Production	27.3	23.3	21.0	27.7	26.3	-4%

X-FAB's business development in the first quarter continued to be driven by the ongoing recovery after the COVID-19 related fall during the summer months of 2020 but also the introduction of new business.

Automotive revenues recorded an all-time high at USD 83.5 million. The industrial business increased the strongest and was up 46% year-on-year. While X-FAB's medical business was up 33% year-on-year, it decreased by 28% on a quarter-on-quarter basis due to the exceptionally strong fourth quarter 2020.

In the first quarter, X-FAB's CCC (consumer, communications & computer) business recorded a 3% increase year-on-year and slightly decreased quarter-on-quarter. While the CCC legacy business that is being produced at X-FAB France has been stable, the share of the French site's revenues based on X-FAB technologies increased to 18%.



Due to the massive demand, most of X-FAB's factories are operating at high utilization levels and production capacity has had to be tightly allocated to customers. Considering the increased order lead time (increased time for orders to go into production and cycle time for the production process of a wafer) customers have been submitting orders earlier than usual and in higher volumes. X-FAB is making every effort to ensure its customers' supply that is absolutely necessary and is working closely with customers to move business to X-FAB France, where spare capacity is available. This will also increase the share of X-FAB France's revenues based on X-FAB technologies.

The accumulated backlog will contribute positively to business growth over the coming quarters, even after the current peak in demand ends and when bookings return to normal levels.

In the first quarter, prototyping revenues came in at USD 18.9 million. This is a 35% year-on-year increase, mainly driven by industrial market projects as well as CCC development projects for the Asian region. Prototyping revenues were down 15% quarter-on-quarter due to a particularly strong fourth quarter last year related to high activities of a major medical customer preparing for volume launch.

### **Operations update**

Throughout the first quarter and in light of exceptional demand, X-FAB's top priority was to ensure a reliable supply to its customers. With X-FAB's factories mostly running at full capacity, all activities were directed at execution excellence, while continuing to drive productivity up and increase wafer output. Additionally, X-FAB qualified further 180nm automotive technology options in X-FAB France offering an alternative to customers limited by capacity allocations at the manufacturing site in Malaysia, X-FAB Sarawak.

The measures in place to ensure the health and well-being of X-FAB's employees during the COVID-19 pandemic helped to prevent any disruptions of X-FAB's operations in the first quarter and X-FAB will continue its efforts to ensure strict compliance to the regulations going forward, ultimately contributing to the continuity of production.

In the first quarter, X-FAB's silicon carbide (SiC) activities gained momentum, as reflected by the strong increase in bookings. SiC order intake went up 47% year-on-year and 21% quarter-on-quarter. Quarterly SiC revenues came in at USD 6.1 million, up 35% year-on-year. Compared to the previous quarter, SiC revenues recorded a fall of 3%, mainly due to the impacts of a severe winter storm which hit Texas in February and caused two weeks of lost production. In the course of the first quarter, two additional customers started volume production, bringing their number up to ten out of a total of 23 SiC customers.

Capital expenditures in the first quarter amounted to USD 9.7 million, which is about the same level as in the first quarter last year. In response to the strong demand, X-FAB has kicked off new investments during the first quarter, which are expected to start having an impact in the fourth quarter of 2021.



## **Financial update**

First quarter EBITDA was USD 35.6 million with an EBITDA margin of 22.9%, exceeding the guided 16-20%. This is mainly attributable to the persistently strong demand and the corresponding revenue increase, while X-FAB's cost-saving program initiated in 2019 and intensified in 2020 after the COVID-19 pandemic also had a positive impact.

The inventory of unfinished and finished goods increased by USD 1.6 million, contributing positively to first quarter profitability.

Cash and cash equivalents at the end of Q1 were at USD 195.8 million, a decline of 5% against the end of the previous quarter as X-FAB had not used any external funding in the first quarter.

X-FAB continued to actively increase the share of Euro-denominated sales in order to limit the impact of exchange rate fluctuations on profitability and to ensure a natural hedging of the business. In the first quarter, the share of Euro-denominated sales amounted to 33%. With approximately 40% of its costs incurred in Euro, X-FAB intends to further increase the share of Euro-denominated sales to a similar level.

The actual US-Dollar/Euro exchange rate for the first quarter of 2021 was 1.21 leading to an EBITDA margin of 22.9%. At a constant exchange rate of 1.10, as experienced in the first quarter of last year, the EBITDA margin would have been 23.9%.

## **Management comments & outlook**

Rudi De Winter, CEO of X-FAB Group, said: "We are experiencing an unprecedented period of exceptional demand, not only driven by the recovery after the past year's demand weakness but also boosted by the launch of new products and the acquisition of new customers. It is great to see the strength of our business across all markets, but it is also a challenge to cope with the strong order intake exceeding the volumes which can be delivered in the short term. We are therefore working closely with our customers to ensure they receive the quantities required to secure their supply chains. Execution excellence is of essence and we are working on maximizing the production output across all sites. At the same time, I am very glad about the availability of our much sought after 180nm automotive high-voltage platform at X-FAB France. This offers our customers a genuine alternative and the chance to escape the tight supply out of our site in Malaysia."



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

X-FAB's first quarter results will be discussed in a live conference call on Thursday, April 29, 2021, at 6.30 p.m. CET. The conference call will be in English. Please register in advance of the conference using the following link: <http://emea.directeventreg.com/registration/2592869>.

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 April 29, 2021, 11.30 p.m. CET until May 6, 2021, 11.30 p.m. CET. The replay number will be +44 (0) 3333009785, conference ID 2592869.

The second quarter 2021 results will be communicated on July 29, 2021.

## **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 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 about 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, 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 2021 unaudited	Quarter ended 31 Mar 2020 unaudited	Quarter ended 31 Dec 2020 unaudited	Year ended 31 Dec 2020 audited
Revenue	155,420	126,894	135,851	477,586
Revenues in USD in %	67	72	66	68
Revenues in EUR in %	33	28	34	32
Cost of sales	-120,419	-112,419	-116,258	-433,852
<b>Gross Profit</b>	<b>35,001</b>	<b>14,475</b>	<b>19,593</b>	<b>43,734</b>
<i>Gross Profit margin in %</i>	<i>22.5</i>	<i>11.4</i>	<i>14.4</i>	<i>9.2</i>
Research and development expenses	-8,482	-5,900	-9,559	-26,812
Selling expenses	-2,119	-2,012	-2,077	-8,005
General and administrative expenses	-8,150	-7,656	-8,065	-29,610
Rental income and expenses from investment properties	627	40	703	1,691
Other income and other expenses	155	-433	3,026	4,385
<b>Operating profit</b>	<b>17,032</b>	<b>-1,487</b>	<b>3,621</b>	<b>-14,617</b>
Finance income	4,283	3,499	43,016	54,187
Finance costs	-7,167	-8,435	-5,080	-22,015
<b>Net financial result</b>	<b>-2,884</b>	<b>-4,936</b>	<b>37,936</b>	<b>32,172</b>
<b>Profit before tax</b>	<b>14,148</b>	<b>-6,423</b>	<b>41,557</b>	<b>17,555</b>
Income tax	-1,374	-302	-2,486	-4,025
<b>Profit for the period</b>	<b>12,775</b>	<b>-6,724</b>	<b>39,072</b>	<b>13,530</b>
Operating profit (EBIT)	17,032	-1,487	3,621	-14,617
Depreciation	18,551	18,831	18,879	75,067
<b>EBITDA</b>	<b>35,583</b>	<b>17,344</b>	<b>22,500</b>	<b>60,450</b>
<i>EBITDA margin in %</i>	<i>22.9</i>	<i>13.7</i>	<i>16.6</i>	<i>12.7</i>
<b>Earnings per share at the end of period</b>	<b>0.10</b>	<b>-0.05</b>	<b>0.30</b>	<b>0.10</b>
Weighted average number of shares	130,631,921	130,631,921	130,631,921	130,631,921
EUR/USD average exchange rate	1.20628	1.10275	1.19146	1.14126

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

## Condensed Consolidated Statement of Financial Position

in thousands of USD	Quarter ended 31 Mar 2021 unaudited	Quarter ended 31 Mar 2020 unaudited	Year ended 31 Dec 2020 audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	328,469	359,864	336,848
Investment properties	8,411	8,983	8,556
Intangible assets	4,522	5,558	4,726
Non-current investments	0	0	0
Other non-current assets	58	10,943	68
Deferred tax assets	30,359	33,881	30,392
<b>Total non-current assets</b>	<b>371,819</b>	<b>419,229</b>	<b>380,590</b>
<b>Current assets</b>			
Inventories	156,180	160,282	153,711
Trade and other receivables	66,121	63,600	54,576
Other assets	43,361	36,321	38,054
Cash and cash equivalents	195,810	166,587	205,867
<b>Total current assets</b>	<b>461,471</b>	<b>426,791</b>	<b>452,208</b>
<b>TOTAL ASSETS</b>	<b>833,290</b>	<b>846,019</b>	<b>832,798</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	432,745	432,745	432,745
Share premium	348,709	348,709	348,709
Retained earnings	-107,858	-140,565	-120,603
Cumulative translation adjustment	-622	-685	-747
Treasury shares	-770	-770	-770
<b>Total equity attributable to equity holders of the parent</b>	<b>672,204</b>	<b>639,434</b>	<b>659,334</b>
Non-controlling interests	344	371	344
<b>Total equity</b>	<b>672,548</b>	<b>639,805</b>	<b>659,677</b>
<b>Non-current liabilities</b>			
Non-current loans and borrowings	40,842	80,658	44,413
Other non-current liabilities and provisions	4,179	7,404	4,371
<b>Total non-current liabilities</b>	<b>45,021</b>	<b>88,062</b>	<b>48,784</b>
<b>Current liabilities</b>			
Trade payables	27,501	32,881	27,882
Current loans and borrowings	24,890	30,537	31,796
Other current liabilities and provisions	63,331	54,735	64,658
<b>Total current liabilities</b>	<b>115,721</b>	<b>118,152</b>	<b>124,336</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>833,290</b>	<b>846,019</b>	<b>832,798</b>

## Condensed Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 31 Mar 2021 unaudited	Quarter ended 31 Mar 2020 unaudited	Quarter ended 31 Dec 2020 unaudited	Year ended 31 Dec 2020 audited
<b>Income before taxes</b>	<b>14,148</b>	<b>-6,423</b>	<b>41,557</b>	<b>17,555</b>
<b>Reconciliation of net income to cash flow arising from operating activities:</b>	<b>21,592</b>	<b>26,222</b>	<b>-20,219</b>	<b>34,404</b>
Depreciation and amortization, before effect of grants and subsidies	18,551	18,831	18,879	75,067
Recognized investment grants and subsidies netted with depreciation and amortization	-841	-901	-850	-3,453
Interest income and expenses (net)	-122	518	-1,601	379
Loss/(gain) on the sale of plant, property, and equipment (net)	-112	-281	-2,668	-3,253
Loss/(gain) on the change in fair value of derivatives (net) and financial assets (net)	0	-420	0	-420
Other non-cash transactions (net)	4,116	8,474	-33,978	-33,915
<b>Changes in working capital:</b>	<b>-20,195</b>	<b>-5,655</b>	<b>10,852</b>	<b>23,032</b>
Decrease/(increase) of trade receivables	-11,293	-8,930	-3,592	362
Decrease/(increase) of other receivables & prepaid expenses	-5,499	12,170	5,433	25,510
Decrease/(increase) of inventories	-2,469	-5,635	6,377	936
(Decrease)/increase of trade payables	526	-3,549	4,611	-10,970
(Decrease)/increase of other liabilities	-1,460	290	-1,978	7,194
<b>Income taxes (paid)/received</b>	<b>-1,733</b>	<b>-628</b>	<b>187</b>	<b>-645</b>
<b>Cash Flow from operating activities</b>	<b>13,811</b>	<b>13,516</b>	<b>32,377</b>	<b>74,346</b>
<b>Cash Flow from investing activities:</b>				
Payments for property, plant, equipment & intangible assets	-9,702	-9,601	-14,611	-38,460
Payments for investments	0	0	0	0
Proceeds from sale of financial assets	0	1,156	0	1,156
Acquisition of subsidiary, net of cash acquired	0	0	0	0
Payments for loan investments to related parties	-91	-96	-39	-211
Proceeds from loan investments related parties	80	62	40	193
Proceeds from sale of property, plant, and equipment	117	278	2,002	3,528
Interest received	471	494	459	1,864
<b>Cash Flow used in investing activities</b>	<b>-9,125</b>	<b>-7,708</b>	<b>-12,149</b>	<b>-31,929</b>

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

in thousands of USD	Quarter ended 31 Mar 2021 unaudited	Quarter ended 31 Mar 2020 unaudited	Quarter ended 31 Dec 2020 unaudited	Year ended 31 Dec 2020 audited
<b>Cash Flow from (used in) financing activities:</b>				
Proceeds from loans and borrowings	0	0	8,660	17,208
Repayment of loans and borrowings	-7,619	-6,391	-6,232	-26,950
Receipts from sale & leaseback arrangements	0	0	0	0
Payments of lease installments	-1,174	-1,358	-1,130	-5,331
Receipt of government grants and subsidies	0	696	0	696
Interest paid	-348	-182	-1,617	-2,244
Gross proceeds from capital increase	0	0	0	0
Direct cost related to capital increase	0	0	0	0
Payment of preference dividend	0	0	0	0
Distribution to non-controlling interests	-12	-12	0	-12
<b>Cash Flow from (used in) financing activities</b>	<b>-9,153</b>	<b>-7,246</b>	<b>-318</b>	<b>-16,633</b>
Effect of changes in foreign currency exchange rates on cash	-5,591	-5,186	6,295	6,872
Increase/(decrease) of cash and cash equivalents	-4,466	-1,438	19,909	25,783
Cash and cash equivalents at the beginning of the period	205,867	173,211	179,662	173,211
<b>Cash and cash equivalents at the end of the period</b>	<b>195,810</b>	<b>166,587</b>	<b>205,867</b>	<b>205,867</b>

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