

Regulated Information

X-FAB Second Quarter 2024 Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – July 25, 2024, 05.40 p.m. CEST

Highlights Q2 2024:

- Revenue was USD 205.1 million, within the guidance of USD 200-210 million, down 9% year-on-year (YoY) and down 4% quarter-on-quarter (QoQ), mainly driven by weakness in industrial and SiC
- Strong bookings at USD 248.4 million, up 12% YoY
- EBITDA at USD 47.9 million, down 23% YoY
- EBITDA margin of 23.3%; excluding IFRS 15 impact, EBITDA margin was 22.7%, compared to the guidance of 20-23%
- EBIT was USD 22.8 million, down 44% YoY

Outlook:

- Q3 2024 revenue is expected to come in within a range of USD 205-215 million with an EBITDA margin in the range of 24-27%.
- The guidance is based on an average exchange rate of 1.07 USD/Euro and does not take the impact related to IFRS 15 into account
- X-FAB adjusts the full-year revenue guidance from USD 900-970 million to USD 860-880 million, mainly reflecting the overall delayed recovery of the SiC power device market; with a slightly adjusted top end, the full-year EBITDA margin guidance range has been narrowed to 25-28%.

Revenue breakdown per quarter:

in millions of USD	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q2 y-o-y growth
Automotive	96.9	104.4	120.9	131.1	135.3	151.8	135.6	142.4	9%
Industrial	46.7	42.3	46.9	51.3	53.7	54.3	52.6	34.4	-33%
Medical	13.5	14.6	17.6	16.2	17.0	16.4	14.5	13.2	-18%
Subtotal core business	157.0	161.3	185.4	198.7	206.1	222.5	202.6	190.1	-4%
	83.4%	87.9%	89.1%	90.8%	92.2%	92.8%	92.6%	93.7%	
CCC ¹	30.7	21.6	22.5	20.0	17.2	17.2	16.0	12.6	-37%
Others	0.6	0.7	0.2	0.2	0.2	0.1	0.1	0.1	
Revenue*	188.3	183.6	208.1	218.9	223.5	239.8	218.7	202.8	-7%
Impact from revenue recognized over time	0	0	0	8.3	10.4	-2.0	-2.6	2.3	
Total revenue	188.3	183.6	208.1	227.1	233.8	237.7	216.2	205.1	-9%

¹Consumer, Communications & Computer

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



in millions of USD	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q2 y-o-y growth
CMOS	152.6	151.9	172.8	180.7	180.5	188.4	168.3	166.2	-8%
Microsystems	18.4	19.5	22.2	20.8	24.4	27.9	24.1	25.1	21%
Silicon carbide	17.4	12.2	13.2	17.3	18.6	23.5	26.3	11.6	-33%
Revenue*	188.3	183.6	208.1	218.9	223.5	239.8	218.7	202.8	-7%
Impact from revenue recognized over time	0	0	0	8.3	10.4	-2.0	-2.6	2.3	
Total revenue	188.3	183.6	208.1	227.1	233.8	237.7	216.2	205.1	-9%

Business development

In the second quarter of 2024, X-FAB recorded revenues of USD 205.1 million, down 9% year-on-year and 4% quarter-on-quarter. Excluding the positive impact from revenue recognized over time of USD 2.3 million, second quarter revenue totaled USD 202.8 million, which is in line with the guidance of USD 200-210 million.

Revenues in X-FAB's core markets – automotive, industrial, and medical – amounted to USD 190.1 million*, down 4% year-on-year and representing a record 94% share of total revenues*.

The second quarter was marked by a combination of developments. Demand for X-FAB's 200mm CMOS technologies remained on the high side and the allocation of available capacities continued. In particular, the continued ramp of X-FAB's popular 180nm automotive technology at X-FAB France contributed to automotive growth in the second quarter with revenues amounting to USD 142.4 million, up 9% year-on-year. X-FAB's second quarter CMOS business totaled USD 166.2 million, down 8% compared to the same quarter last year. The decline reflects the demand weakness for X-FAB's 150mm CMOS technologies following expected inventory corrections in the industrial end-markets.

As anticipated, SiC revenue for the second quarter declined by 33% year-on-year to USD 11.6 million after low bookings in the first quarter. The current weakness is projected to bottom out in the third quarter. Based on customer feedback, a recovery is anticipated to begin in the fourth quarter, with a return to robust growth expected in 2025.

Both, the weakness in 150mm CMOS as well as silicon carbide had an impact on X-FAB's industrial business, which recorded second quarter revenues of USD 34.4 million, down 33% year-on-year. Order intake for X-FAB's 150mm CMOS technologies however started to recover in the second quarter and will be contributing positively to the revenue evolution in the fourth quarter.

X-FAB's microsystems business recorded revenues of USD 25.1 million in the second quarter, with a strong growth of 21% year-on-year. This was mainly driven by the ramp of a next-generation automotive headlamp application.

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



Medical revenues came in at USD 13.2 million, down 18% year-on-year. Apart from normal fluctuations, the decline is a temporary effect related to the need to allocate capacity. Going forward, medical revenue is expected to return to solid growth based on new design wins, high-demand applications as well as strong medical bookings in the second quarter.

Overall, X-FAB recorded strong quarterly bookings amounting to USD 248.4 million, up 12% year-on-year. This reflects the robust demand for X-FAB's 200mm CMOS and microsystems technologies as well as the uptick in 150mm CMOS order intake, the latter primarily related to the industrial and medical end market. Backlog at the end of the second quarter came in at USD 517.3 million, compared to USD 520.9 million at the end of the previous quarter.

Quarterly prototyping revenues totaled USD 21.1 million*, down 24% year-on-year.

Prototyping and production revenue* per quarter and end market:

in millions of USD	Revenue	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Automotive	Prototyping	3.9	6.2	10.0	6.7	7.6
	Production	127.2	129.1	141.8	128.9	134.8
Industrial	Prototyping	16.6	14.3	10.5	10.7	8.9
	Production	34.8	39.4	43.8	41.9	25.5
Medical	Prototyping	2.5	3.3	3.3	2.7	2.0
	Production	13.7	13.7	13.1	11.8	11.2
CCC	Prototyping	4.5	3.3	3.5	3.1	2.5
	Production	15.4	13.9	13.7	12.9	10.2

The revision of the full year guidance mainly reflects the delayed recovery of the silicon carbide business. Despite this temporary effect, X-FAB remains confident in the long-term prospects of its SiC business. With the projected increase in EV unit sales, the greater adoption of SiC inverters in EV powertrains, and the anticipated completion of customer destocking, X-FAB expects a return to strong silicon carbide revenue growth in 2025.

Business fundamentals are intact and X-FAB remains well positioned for long-term business success. X-FAB's comprehensive and highly specialized technology portfolio enables innovative solutions to address the major megatrends of our time. The electrification of everything is inevitable to move away from fossil fuels and mitigate climate change, driving long-term growth in X-FAB's automotive and industrial businesses. Aging and growing populations require technological innovation to make prevention, diagnosis and treatment of disease more efficient, reliable and accessible to an ever-growing number of people. X-FAB's microsystems expertise with the combination of CMOS and MEMS supports the development of world-leading medical applications and fuels the long-term growth of X-FAB's medical business.

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



Operations update

Capacity utilization at X-FAB's factories varied by technology. The 200mm CMOS lines, especially those producing the high demand 180nm technologies, were running at full load while others recorded lower utilization rates in line with the current demand.

In the second quarter, X-FAB continued its capacity expansion program. Total capital expenditures for the second quarter amounted to USD 121.9 million, up 17% sequentially.

The building construction at X-FAB Sarawak to create additional cleanroom space is on track, as is the plan to start moving in equipment in the fourth quarter. X-FAB France continued to expand capacity with new equipment coming online. Both sites manufacture X-FAB's popular 200mm CMOS technologies and it is essential to increase capacity to better meet customer demand.

The SiC capacity expansion at X-FAB Texas was slowed in the second quarter in response to the current market demand, reflecting X-FAB's approach of gradually increasing capacity in line with identified demand and long-term customer commitments (long-term agreements).

Financial update

Second quarter EBITDA was USD 47.9 million with an EBITDA margin of 23.3%. Excluding the positive impact from revenues recognized over time, the EBITDA margin of the second quarter would have been 22.7%, at the higher end of the guided 20-23%.

Profitability is not affected by exchange rate fluctuations as X-FAB's business is naturally hedged. At a constant USD/Euro exchange rate of 1.09 as experienced in the previous year's quarter, the EBITDA margin would have been the same.

Cash and cash equivalents at the end of the second quarter amounted to USD 290.1 million.

The financing of X-FAB's capital expenditures for the ongoing capacity expansion program through 2025 is secured by available cash reserves in combination with credit facilities, prepayments received from customers with long-term contracts and operating cash flows, each of which accounting for approximately one-third of total cash requirements.

For the additional capacity that X-FAB is building as part of its expansion program, the corresponding business has been identified, either as part of long-term agreements or as part of customer forecasts for existing products in high demand.

Based on the amendments to IAS 1 (International Accounting Standard) regarding the classification of liabilities as current or non-current, X-FAB has changed the presentation of borrowings under the Group's multicurrency revolving credit facility, which were classified as current until December 31, 2023.



As of January 1, 2024, these obligations are classified as non-current, also retrospectively. Accordingly, the balance sheets as of June 30, 2023, and December 31, 2023, have been restated to reflect this change, whereby the outstanding position of the Group's multicurrency revolving credit facility, respectively amounting to USD 180.9 million and USD 192.7 million, were reclassified from current to non-current borrowings.

Management comments

Rudi De Winter, CEO of X-FAB Group, said: "X-FAB's second quarter results, which were fully in line with expectations, reflect the contrasting market dynamics we are currently experiencing. We continue to see strong demand for our 200mm CMOS technologies. They represent the largest part of our business, and it is paramount that we continue to expand this capacity in line with customer needs that have been identified and secured through long-term contracts. I am pleased that we have initiated these investments and continue to make good progress in executing our expansion program. Another highlight for me is our microsystems business, where demand is strong and the pipeline is full of exciting applications. While our SiC business is experiencing a period of customer destocking, I remain confident in the structurally strong demand for silicon carbide applications driven by the worldwide transition to green mobility and green energy. It is rather a demand shift into next year, and I am convinced that our SiC business will return to robust growth in 2025."

Procedures of the independent auditor

The statutory auditor, KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises BV/SRL, represented by Herwig Carmans, has confirmed that the review procedures, which have been substantially completed, have not revealed any material misstatement in the accounting information included in this press release as of and for the six months ended June 30, 2024.

X-FAB Quarterly Conference Call

X-FAB's second quarter results will be discussed in a live conference call/webcast on Thursday, July 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 third quarter 2024 results will be communicated on October 24, 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 30 Jun 2024 unaudited	Quarter ended 30 Jun 2023 unaudited	Quarter ended 31 Mar 2024 unaudited	Half-year ended 30 Jun 2024 unaudited	Half-year ended 30 Jun 2023 unaudited
Revenue*	202,847	218,870	218,712	421,559	426,979
Impact from revenue recognized over time	2,255	8,261	-2,559	-305	8,261
Total revenue	205,102	227,131	216,152	421,254	435,240
Revenues in USD in %	58	56	62	60	56
Revenues in EUR in %	42	44	38	40	44
Cost of sales	-160,236	-159,492	-165,786	-326,022	-310,404
Gross profit	44,866	67,639	50,367	95,232	124,836
<i>Gross profit margin in %</i>	<i>21.9</i>	<i>29.8</i>	<i>23.3</i>	<i>22.6</i>	<i>28.7</i>
Research and development expenses	-11,387	-12,905	-11,106	-22,494	-23,828
Selling expenses	-2,142	-2,112	-2,537	-4,679	-4,308
General and administrative expenses	-11,660	-11,961	-12,811	-24,471	-22,462
Rental income and expenses from investment properties	394	390	1,434	1,828	2,462
Other income and other expenses	2,755	-231	1,847	4,603	1,512
Operating profit	22,825	40,820	27,193	50,019	78,213
Finance income	6,775	6,658	5,778	12,552	15,196
Finance costs	-7,419	-8,229	-7,653	-15,072	-18,484
Net financial result	-644	-1,571	-1,875	-2,519	-3,288
Profit before tax	22,181	39,249	25,318	47,499	74,925
Income tax	-2,359	-548	-2,260	-4,619	6,494
Profit for the period	19,822	38,701	23,059	42,881	81,418
Operating profit (EBIT)	22,825	40,820	27,193	50,019	78,213
Depreciation	25,028	21,465	23,765	48,792	42,083
EBITDA	47,853	62,284	50,958	98,811	120,295
<i>EBITDA margin in %</i>	<i>23.3</i>	<i>27.4</i>	<i>23.6</i>	<i>23.5</i>	<i>27.6</i>
Earnings per share	0.15	0.30	0.18	0.33	0.62
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	1.07667	1.08946	1.08605	1.08145	1.08060

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 30 Jun 2024 unaudited	Quarter ended 30 Jun 2023 restated unaudited	Year ended 31 Dec 2023 restated audited
ASSETS			
Non-current assets			
Property, plant, and equipment	879,363	568,926	734,488
Investment properties	7,608	7,403	7,171
Intangible assets	5,986	5,989	5,627
Other non-current assets	50	68	58
Deferred tax assets	83,173	79,082	83,772
Total non-current assets	976,180	661,467	831,116
Current assets			
Inventories	277,587	247,912	269,227
Contract assets	23,706	15,667	24,010
Trade and other receivables	108,980	115,217	123,101
Other assets	46,918	61,322	50,659
Cash and cash equivalents	290,054	441,786	405,701
Total current assets	747,245	881,905	872,698
TOTAL ASSETS	1,723,425	1,543,372	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	223,604	100,230	180,159
Cumulative translation adjustment	-636	-243	-301
Treasury shares	-770	-770	-770
Total equity	1,003,653	880,672	960,542
Non-current liabilities			
Non-current loans and borrowings	244,604	236,833	235,318
Other non-current liabilities and provisions	4,652	4,025	4,024
Total non-current liabilities	249,256	240,858	239,342
Current liabilities			
Trade payables	55,103	67,764	90,681
Current loans and borrowings	26,272	24,067	25,659
Other current liabilities and provisions	389,140	330,011	387,590
Total current liabilities	470,516	421,842	503,930
TOTAL EQUITY AND LIABILITIES	1,723,425	1,543,372	1,703,814

Condensed consolidated statement of cash flows

in thousands of USD	Quarter ended 30 Jun 2024 unaudited	Quarter ended 30 Jun 2023 unaudited	Quarter ended 31 Mar 2024 unaudited	Half-year ended 30 Jun 2024 unaudited	Half-year ended 30 Jun 2023 unaudited
Income before taxes	22,181	39,249	25,318	47,499	74,925
Reconciliation of income before taxes to cash flow arising from operating activities:	28,972	22,895	23,732	52,704	45,876
Depreciation and amortization, before effect of grants and subsidies	25,028	21,465	23,765	48,792	42,083
Amortization of investment grants and subsidies	-624	-751	-673	-1,296	-1,488
Interest income and expenses (net)	959	652	-306	653	2,097
Loss/(gain) on the sale of plant, property, and equipment (net)	-2,020	-137	-1,751	-3,771	-1,620
Other non-cash transactions (net)	5,629	1,666	2,698	8,327	4,804
Changes in working capital:	7,487	141,779	-799	6,688	140,569
Decrease/(increase) of trade receivables	10,211	-21,482	8,252	18,463	-42,483
Decrease/(increase) of other receivables and other assets	12,244	-7,006	6,587	18,831	-3,933
Decrease/(increase) of inventories	-604	-12,303	-4,951	-5,554	-31,189
Decrease/(increase) of contract assets	-2,255	-15,667	2,559	305	-15,667
(Decrease)/increase of trade payables	-14,369	-8,175	-206	-14,575	19,065
(Decrease)/increase of other liabilities	2,260	206,411	-13,040	-10,780	214,776
Income taxes (paid)/received	-1,227	-401	-1,441	-2,668	-509
Net cash from operating activities	57,413	203,522	46,810	104,224	260,861
Cash flow from investing activities:					
Payments for property, plant, equipment and intangible assets	-121,893	-104,498	-104,980	-226,873	-153,393
Acquisition of subsidiary, net of cash acquired	-24,863	0	23,229	-1,634	0
Payments for loan investments to related parties	0	-41	0	0	-176
Proceeds from loan investments related parties	0	42	0	0	162
Proceeds from sale of property, plant, and equipment	2,020	208	1,791	3,811	1,694
Interest received	2,984	2,557	3,433	6,417	3,571
Net cash used in investing activities	-142,752	-101,732	-76,527	-218,279	-148,143



Condensed consolidated statement of cash flows – con't

in thousands of USD	Quarter ended 30 Jun 2024 unaudited	Quarter ended 30 Jun 2023 unaudited	Quarter ended 31 Mar 2024 unaudited	Half-year ended 30 Jun 2024 unaudited	Half-year ended 30 Jun 2023 unaudited
Cash flow from (used in) financing activities:					
Proceeds from loans and borrowings	42,601	5,027	50,300	92,901	14,240
Repayment of loans and borrowings	-5,644	-13,870	-94,113	-99,757	-49,800
Receipts of sale and leaseback arrangements	-5,147	0	31,616	26,469	0
Payments of lease installments	-3,061	-1,273	-1,169	-4,230	-2,785
Interest paid	-4,574	691	-4,058	-8,632	-2,568
Cash flow from (used in) financing activities	24,175	-9,425	-17,423	6,751	-40,913
Effect of changes in foreign currency exchange rates on cash balances	-1,250	-855	-7,093	-8,343	556
Increase/(decrease) of cash and cash equivalents	-60,164	92,365	-47,140	-107,304	71,805
Cash and cash equivalents at the beginning of the period	351,468	350,276	405,701	405,701	369,425
Cash and cash equivalents at the end of the period	290,054	441,786	351,468	290,054	441,786

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