

PRESS RELEASE

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X-FAB Q1 2017 Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – May 11th, 2017, 7.00 am CEST

In the first quarter 2017, X-FAB posted sales of USD 147.9 million and a net profit of USD 11.2 million or 9 cent per current outstanding share.

Compared to the first quarter of 2016, sales show an increase of 39%. When including the sales of the French operation in the first quarter 2016, the pro forma increase is 12%. Compared to the previous quarter, sales were 7% lower, predominantly due to lower subcontracted consumer revenue. Gross profit was USD 29.3 million, an increase of 52% compared to the same quarter last year and an increase of 5% compared to the previous quarter. The operating income was USD 11.6 million, an increase of 69% compared to the same quarter of last year and a decrease of 2% compared to the previous quarter. The operating margin was 7.8%, an improvement of 139 base points compared to the same quarter last year and 43 base points better than the previous quarter.

Net profit of the quarter was 239% higher compared to the same quarter last year and decreased by 15% compared to the previous quarter, mainly due to a one-off increase in deferred tax assets in the fourth quarter 2016 linked to the acquisition of the French operations as of October 1st, 2016. The subcontracted business represented USD 15.5 million in the first quarter 2017 with a corresponding operating profit of USD 1.7 million.

Outlook:

For the second quarter, X-FAB expects to post USD 136-141 million in revenue with an EBITDA at about 19%. For the full year, the company foresees a further decrease in the subcontracted consumer business and better than expected sales in X-FAB's core markets automotive, industrial and medical. As a result, the company maintains its EBITDA goal for the full year and confirms the margin range of 19-20%.

Rudi De Winter, CEO of X-FAB, comments: "X-FAB started the year well with increased utilization in our factories compared to the same period previous year. I am very glad about the progress made with the integration of X-FAB France. As planned, we will start production in X-FAB France on X-FAB's proprietary technologies in the third quarter this year.

Prototyping revenue in the first quarter 2017 reached an all-time high of USD 13.2 million, 25% higher than the average last year. This shows the increased interest in our technologies. It also is a good early look indicator for future production revenue. Sales in our core markets automotive, industrial and medical totaled USD 77.2 million, an increase of 27% compared to the same quarter last year and 2% higher compared to the previous quarter. The share of automotive, industrial and medical markets increased from 47.6% in the previous quarter to 52.2% in the first quarter 2017. A higher exposure to our core end markets also improves visibility. Due to stock corrections by our customers, we expect the subcontracted business in the communication segment to drop in the second quarter of 2017.”

X-FAB’s first quarter results will be discussed in a live conference call on Thursday, May 11th, 2017 at 5.00 pm CEST. The conference call will be in English. Please register in advance of the conference using the following link: <http://emea.directeventreg.com/registration/21362180>

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 for seven days after the call. The replay number will be +44 (0)1452550000, conference ID 21362180.

The second quarter results will be communicated on August 21st, 2017.

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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 approximately 3,800 people worldwide. For more information, please visit www.xfab.com

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This announcement is only addressed to and directed at persons in member states of the European Economic Area ("EEA") other than France who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant Member State of the European Economic Area) and any implementing measure in each relevant Member State of the EEA (the "Prospectus Directive") ("Qualified Investors"). In addition, in the United Kingdom, this announcement is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). The Offering has only been made available to, and any invitation, offer or agreement to subscribe for, purchase, or otherwise acquire securities has been engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this announcement or any of its contents.

Certain statements, beliefs and opinions in this press release are forward-looking, and reflect the Company's or, as appropriate, the Company directors' current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. A multitude of factors can cause actual events, performance or results to differ significantly from any anticipated development. Forward looking statements contained in this press release regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. As a result, the Company expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements in this press release as a result of any change in expectations or any change in events, conditions, assumptions or circumstances on which these forward-looking statements are based.

Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested. Persons considering such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offering. The value of the shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offering for the person concerned.

No announcement or information regarding the Offering may be disseminated to the public in jurisdictions outside of France where a prior registration or approval is required for such purpose. No steps have been taken, or will be taken, for the Offering or shares of the Company in any jurisdiction outside of France where such steps would be required. The application for or purchase of shares of the Company are subject to special legal or statutory restrictions in certain jurisdictions. The Company is not liable if the aforementioned restrictions are not complied with by any person.

Consolidated Statement of Profit and Loss

in thousands of USD	Quarter ended 31 Mar 2017	Quarter ended 31 Mar 2016	Quarter ended 31 Dec 2016	Year ended 31 Dec 2016 audited
Revenue	147,942	106,530	159,299	512,897
Cost of sales	-118,633	-87,211	-131,365	-407,831
Gross Profit	29,309	19,320	27,933	105,066
Research and development expenses	-7,503	-5,420	-9,079	-26,847
Selling expenses	-2,371	-1,704	-2,176	-7,369
General and administrative expenses	-7,768	-4,930	-7,916	-22,786
Rental income and expenses from investment properties	56	-342	2,865	1,897
Other income and other expenses	-170	-85	135	496
Operating profit	11,553	6,838	11,763	50,456
Finance revenue	712	21	9,105	11,119
Finance costs	-947	-3,528	-11,917	-19,123
Net financial result	-235	-3,508	-2,812	-8,005
Profit before taxes	11,318	3,330	8,950	42,451
Income tax	-104	-86	4,185	3,500
Net Profit	11,214	3,244	13,135	45,952
EBITDA	25,088	18,714	24,958	100,614

Consolidated Statement of Financial Position

in thousands of USD	Quarter ended 31 Mar 2017	Quarter ended 31 Mar 2016	Year ended 31 Dec 2016 audited
ASSETS			
Non-current assets			
Property, plant and equipment	274,645	234,560	265,472
Investment properties	9,000	9,425	9,143
Intangible assets	7,536	7,098	7,874
Non-current investments	359	139	190
Other non-current assets	48	75	36
Deferred tax assets	20,438	14,647	19,904
Total non-current assets	312,025	265,945	302,618
Current assets			
Inventories	92,387	66,464	88,972
Trade and other receivables	87,417	66,394	77,292
Other assets	27,539	16,157	18,881
Cash and cash equivalents	97,871	54,369	104,157
Total current assets	305,214	203,384	289,303
TOTAL ASSETS	617,239	469,329	591,921
EQUITY AND LIABILITIES			
Equity			
Share capital	265,231	265,231	265,231
Share premium	255,004	264,535	255,262
Retained earnings	-185,287	-238,878	-196,506
Cumulative translation adjustment	-740	-875	-879
Treasury shares	-770	-10,043	-770
Total equity attributable to equity holders of the parent	333,439	279,971	322,338
Non-controlling interests	384	366	400
Total equity	333,823	280,337	322,738
Non-current liabilities			
Non-current loans and borrowings	126,459	98,216	132,407
Other non-current liabilities and provisions	8,234	1,703	8,481
Total non-current liabilities	134,692	99,918	140,888
Current liabilities			
Trade payables	43,537	13,235	49,032
Current loans and borrowings	42,731	20,158	31,432
Other current liabilities and provisions	62,456	55,681	47,831
Total current liabilities	148,723	89,073	128,295
Total equity and liabilities	617,239	469,329	591,921

Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 31 Mar 2017	Quarter ended 31 Mar 2016	Year ended 31 Dec 2016 audited
Income before taxes	11,318	3,330	42,451
Reconciliation of net income to cash flow arising from operating activities:	15,967	14,961	51,381
Depreciation and amortisation, before effect of grants and subsidies	13,535	11,875	50,158
Recognised investment grants and subsidies netted with depreciation and amortisation	-915	-883	-2,858
Interest income and expenses (net)	833	1,079	4,434
Loss/(gain) on the sale of plant, property and equipment (net)	0	-2	-232
Loss/(gain) on the sale of financial assets/change in fair value	-167	0	280
Other non-cash transactions (net)	2,681	2,892	-400
Changes in working capital:	-15,059	-10,032	-16,359
Decrease/(increase) of trade receivables	-9,910	-21,429	-32,825
Decrease/(increase) of other receivables and prepaid expenses	-7,600	-4,935	-9,828
Decrease/(increase) of inventories	-3,174	-4,606	-16,318
(Decrease)/increase of trade payables	-7,393	2,866	34,802
(Decrease)/increase of other liabilities	13,018	18,073	7,810
Income taxes (paid)/received	-204	1	-3,554
Cash Flow from operating activities	12,022	8,261	73,920
Cash Flow from investing activities:			
Payments for property, plant, equipment and intangible assets	-20,633	-14,593	-72,189
Payments for investments	0	-139	-289
Proceeds from sale of investments	0	0	0
Acquisition of subsidiary, net of cash acquired	0	0	-10,178
Payments for loan investments to related parties	-29	-4	-5,694
Proceeds from loan investments in related parties	41	10	5,740
Proceeds from sale of property, plant and equipment	0	5	735
Interest received	314	67	275
Cash Flow used in investing activities	-20,308	-14,654	-81,600
Cash Flow from financing activities:			
Proceeds from loans and borrowings	10,073	0	60,981
Repayment of loans and borrowings	-6,955	-4,364	-19,374
Receipts from sale & leaseback arrangements	0	58	6,190
Payments of lease installments	-613	-332	-1,558
Receipt of government grants and subsidies	47	0	2,532
Interest paid	-663	-739	-2,843
Distribution to non-controlling interests	-11	0	-11
Cash Flow used in financing activities	1,878	-5,376	45,917
Effect of changes in foreign currency exchange rates on cash	121	55	-177
Increase/(decrease) of cash and cash equivalents	-6,408	-11,769	38,237
Cash and cash equivalents at the beginning of the period	104,157	66,084	66,098
Cash and cash equivalents at end of the period	97,871	54,369	104,157