

## Regulated Information

# X-FAB Third Quarter 2021 Results

Intermediate declaration by the Board of Directors  
Tessenderlo, Belgium – October 28, 2021, 05.40 p.m. CET

## Highlights Q3 2021:

- › Revenue was USD 169.1 million, at the upper end of the guided USD 162-170 million, up 76% year-on-year (YoY) and up 5% quarter-on-quarter (QoQ)
- › New quarterly records achieved for industrial revenues with USD 38.3 million, medical revenues with USD 14.3 million and prototyping revenues with USD 25.6 million
- › Bookings came in at USD 199.0 million, remaining at a high level, up 78% YoY and down 5% QoQ
- › EBITDA margin of 23.9%, clearly above the 18-22% guidance
- › EBITDA was USD 40.4 million, up USD 35.7 million YoY and down USD 2.9 million QoQ
- › EBIT was USD 21.4 million, up USD 35.3 million YoY and down USD 3.2 million QoQ

## Outlook:

- › Q4 2021 revenue is expected in the range of USD 170-180 million with an EBITDA margin in the range of 19-23%.
- › Full-year revenue guidance has been increased to USD 655-665 million (previously USD 640-660) with an EBITDA margin in the range of 23-24%.
- › The guidance is based on an average exchange rate of 1.18 USD/Euro.

## Revenue breakdown per quarter:

in millions of USD	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q3 y-o-y growth
Automotive	56.7	68.3	61.6	40.8	65.4	83.5	82.8	81.5	100%
Industrial	20.1	22.1	23.9	23.9	27.3	32.4	35.2	38.3	61%
Medical	6.3	6.5	7.3	7.7	12.0	8.7	10.4	14.3	86%
Subtotal core business	83.2	96.9	92.7	72.3	104.7	124.6	128.4	134.1	85%
	73.3%	76.4%	78.1%	75.2%	77.1%	80.1%	79.8%	79.3%	
CCC <sup>1</sup>	30.1	29.7	25.9	23.7	30.9	30.6	32.4	34.7	46%
Others	0.1	0.3	0.2	0.1	0.3	0.3	0.1	0.3	
<b>Total revenues</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>161.0</b>	<b>169.1</b>	<b>76%</b>

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



in millions of USD	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q3 y-o-y growth
CMOS	98.1	112.8	103.4	81.1	115.0	135.9	137.5	141.8	75%
MEMS	9.9	9.6	10.4	9.8	14.6	14.4	16.2	17.4	78%
Silicon carbide	5.5	4.5	5.0	5.2	6.3	6.1	7.2	9.9	80%
<b>Total revenues</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>161.0</b>	<b>169.1</b>	<b>76%</b>

## Business development

In the third quarter, X-FAB continued to see strong demand. Quarterly revenues came in at USD 169.1 million, at the upper end of the guided USD 162-170 million, up 76% year-on-year and 5% quarter-on-quarter.

X-FAB recorded strong quarterly growth across all end markets. Revenues in the core markets – automotive, industrial and medical – amounted to USD 134.1 million, which is an increase of 85% year-on-year and 4% quarter-on-quarter. Both revenues in industrial and medical set a new quarterly record with USD 38.3 million and USD 14.3 million respectively. The growth of the industrial business was mainly driven by the accelerated demand for X-FAB's silicon carbide (SiC) technologies. In medical, the main growth drivers were lab-on-a-chip and ultrasound applications. X-FAB's CCC business (Consumer, Communications & Computer) recorded quarterly revenues of USD 34.7 million benefiting from the increasing deployment of 5G supported by X-FAB's RF SOI technology.

Demand remained at a high level with third quarter bookings amounting to USD 199.0 million, up 78% year-on-year and down 5% compared to the previous quarter. Based on this and with factories running at high utilization levels, allocation of capacity to customers had to be continued throughout the third quarter. X-FAB is therefore in close contact with its customers to manage the tight supply responsibly. It is of utmost importance for X-FAB to ensure customers receive the minimum quantities required to avoid disruptions in their supply chain. X-FAB's French site, where spare capacity is available, in particular for X-FAB's much sought after 0.18µm automotive technology, plays a key role for this purpose. As a result of the ongoing efforts to move business to X-FAB France, the share of the site's revenues based on X-FAB-owned technologies significantly increased from 20% in the previous quarter to 34% in the third quarter.

In addition to ongoing volume recovery following weak demand linked to COVID-19 in 2020, growth is also driven by strong interest in X-FAB's specialty technologies that enable multiple solutions to address today's megatrends, from the ongoing electrification in response to climate change to fast and reliable point-of-care diagnostics for aging societies as well as the transition to 5G in an increasingly connected world. This also translated into significant growth in prototyping activities where third quarter revenues reached an all-time high of USD 25.6 million, an increase of 60% year-on-year and 26% quarter-on-quarter.



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

in millions of USD	Revenue	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q2 y-o-y growth
Automotive	Prototyping	2.6	3.6	3.2	3.0	3.5	35%
	Production	38.2	61.8	80.4	79.8	78.0	104%
Industrial	Prototyping	7.2	8.2	9.0	10.3	12.9	79%
	Production	16.6	19.0	23.3	24.9	25.4	52%
Medical	Prototyping	3.4	6.9	2.2	2.9	4.1	20%
	Production	4.2	5.1	6.4	7.5	10.2	140%
CCC	Prototyping	2.6	3.2	4.3	4.1	4.8	81%
	Production	21.0	27.7	26.3	28.3	29.9	42%

### **Operations update**

Due to the consistently strong demand, X-FAB's factories continued to run at high utilization rates. Execution excellence and further productivity gains have therefore been a key focus for all activities throughout the third quarter. This includes the elimination of production bottlenecks, the hire of additional staff and strict compliance with the safety measures in place to prevent any COVID-19-related disruptions. X-FAB is also closely monitoring developments relating to tight raw materials and is taking necessary measures to secure sufficient supply going forward.

The high level of utilization led to higher maintenance efforts across all sites. Even though this has an adverse impact on short-term production output, it is essential to ensure the stability of manufacturing in the long term. In September, X-FAB was also affected by a power outage at its site in Dresden, Germany. The resulting delivery delays will impact fourth quarter revenue, which is already included in the guidance.

Demand for X-FAB's silicon carbide (SiC) technologies continued to accelerate. In the third quarter, SiC bookings recorded a 76% increase year-on-year. Quarterly SiC revenues came in at USD 9.9 million, a growth of 90% year-on-year and 38% quarter-on-quarter. X-FAB is working to further streamline and shorten the process from onboarding to volume production ramp up, which will contribute to faster time-to-market. X-FAB's in-house SiC epitaxy is also in high demand. While some customers already started production on X-FAB's SiC epitaxy line, others are in process of qualification, which keeps progressing well. As more customers move into production, X-FAB will look into further expanding its SiC epitaxy capacity in line with the strong increase in demand.

Capital expenditures in the third quarter amounted to USD 21.9 million, mainly reflecting prepayments made for new equipment, which were ordered as part of the capacity expansion projects ongoing across all sites. Total capex launched by X-FAB as at the end of September amounts to approx. USD 150 million, most of



which will not start to have an impact until next year considering the lead times for new equipment. Most of the capex payment will be due next year, namely at the time of equipment delivery and installation.

### **Financial update**

Third quarter EBITDA was USD 40.4 million with an EBITDA margin of 23.9%, clearly exceeding the guidance of 18-22%. The positive earnings development was driven by strong revenue growth but also by the significant increase of unfinished and finished goods inventory, which amounted to USD 7.4 million in the third quarter and is mainly composed of work in progress supporting future growth.

Quarter-on-quarter, the EBITDA margin went down three percentage points, which is due to the past quarter's one-off effect relating to a loan of USD 6.5 million, which X-FAB Texas had received in the context of a COVID-19 government support scheme (cf. Q2 results release for more details).

Cash and cash equivalents at the end of the third quarter were at USD 226.0 million, up 10% from the end of the previous quarter.

In the third quarter, X-FAB has achieved its objective of bringing the share of Euro-denominated sales to 40%, in line with the level of costs incurred in Euro. This natural hedging of the business makes X-FAB's profitability development largely independent of exchange rate fluctuations.

The actual US-Dollar/Euro exchange rate for the third quarter of 2021 was 1.18 leading to an EBITDA margin of 23.9%. At a constant exchange rate of 1.17, as in the third quarter of last year, the EBITDA margin would have been the same.

### **Management comments & outlook**

Rudi De Winter, CEO of X-FAB Group, said: "Strong business development and high activity levels continued throughout the third quarter, which was marked by X-FAB achieving several sales records. Revenues in the industrial and medical market were at an all-time high as were the revenues for prototyping and SiC. I am thrilled about the many exciting applications we support serving fast growing end markets. The rapid electrification of cars, for example, provides us with strong opportunities in the automotive market as it dramatically increases the average number of chips per car, and the sale of electric vehicles is accelerating. Thanks to our expertise in SiC and high-voltage applications, we are perfectly placed to benefit from this turning point in automotive history. Right now our key focus is to secure reliable supply to our customers despite the challenges created by this unprecedented demand. I am confident that X-FAB is well on track to build a sustainable profitable business."



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

X-FAB's third quarter results will be discussed in a live conference call on Thursday, October 28, 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/5162989>.

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 October 28, 2021, 11.30 p.m. CET until November 4, 2021, 11.30 p.m. CET. The replay number will be +44 (0) 3333009785, conference ID 5162989.

The fourth quarter 2021 results will be communicated on February 10, 2022.

## **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 4,000 people worldwide.

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

## **X-FAB Press Contact**

Uta Steinbrecher  
Investor Relations  
X-FAB Silicon Foundries  
+49-361-427-6489  
[uta.steinbrecher@xfab.com](mailto:uta.steinbrecher@xfab.com)

## **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 Sep 2021 unaudited	Quarter ended 30 Sep 2020 unaudited	Quarter ended 30 Jun 2021 unaudited	Nine months ended 30 Sep 2021 unaudited	Nine months ended 30 Sep 2020 unaudited
Revenue	169,097	96,085	160,955	485,471	341,735
Revenues in USD in %	60	65	66	64	68
Revenues in EUR in %	40	35	33	35	32
Cost of sales	-129,773	-97,233	-119,230	-369,422	-317,594
<b>Gross Profit</b>	<b>39,323</b>	<b>-1,148</b>	<b>41,725</b>	<b>116,049</b>	<b>24,141</b>
<i>Gross Profit margin in %</i>	23.3	-1.2	25.9	23.9	7.1
Research and development expenses	-7,751	-5,462	-8,692	-24,925	-17,253
Selling expenses	-1,969	-1,798	-2,008	-6,095	-5,928
General and administrative expenses	-8,320	-6,897	-7,649	-24,120	-21,544
Rental income and expenses from investment properties	422	765	668	1,717	988
Other income and other expenses	-340	583	559	374	1,359
<b>Operating profit</b>	<b>21,366</b>	<b>-13,957</b>	<b>24,602</b>	<b>63,000</b>	<b>-18,238</b>
Finance income	5,166	4,262	3,470	12,920	11,171
Finance costs	-6,027	-3,240	-3,104	-16,299	-16,935
<b>Net financial result</b>	<b>-861</b>	<b>1,022</b>	<b>366</b>	<b>-3,379</b>	<b>-5,764</b>
<b>Profit before tax</b>	<b>20,505</b>	<b>-12,935</b>	<b>24,968</b>	<b>59,621</b>	<b>-24,002</b>
Income tax	1,296	5	1,769	1,691	-1,540
<b>Profit for the period</b>	<b>21,801</b>	<b>-12,930</b>	<b>26,737</b>	<b>61,313</b>	<b>-25,541</b>
Operating profit (EBIT)	21,366	-13,957	24,602	63,000	-18,238
Depreciation	19,076	18,700	18,718	56,345	56,188
<b>EBITDA</b>	<b>40,442</b>	<b>4,743</b>	<b>43,320</b>	<b>119,345</b>	<b>37,950</b>
<i>EBITDA margin in %</i>	23.9	4.9	26.9	24.6	11.1
<b>Earnings per share at the end of period</b>	<b>0.17</b>	<b>-0.10</b>	<b>0.20</b>	<b>0.47</b>	<b>-0.20</b>
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	1.17954	1.16732	1.20429	1.19661	1.12418

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 30 Sep 2021 unaudited	Quarter ended 30 Sep 2020 unaudited	Year ended 31 Dec 2020 audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	330,295	337,130	336,848
Investment properties	8,120	8,701	8,556
Intangible assets	3,996	4,747	4,726
Other non-current assets	38	4,712	68
Deferred tax assets	36,097	33,103	30,392
<b>Total non-current assets</b>	<b>378,546</b>	<b>388,393</b>	<b>380,590</b>
<b>Current assets</b>			
Inventories	172,560	160,088	153,711
Trade and other receivables	66,530	51,274	54,576
Other assets	38,784	35,285	38,054
Cash and cash equivalents	226,013	179,662	205,867
<b>Total current assets</b>	<b>503,886</b>	<b>426,309</b>	<b>452,208</b>
<b>TOTAL ASSETS</b>	<b>882,432</b>	<b>814,702</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	-58,671	-159,743	-120,603
Cumulative translation adjustment	-587	-715	-747
Treasury shares	-770	-770	-770
<b>Total equity attributable to equity holders of the parent</b>	<b>721,426</b>	<b>620,225</b>	<b>659,334</b>
Non-controlling interests	348	356	344
<b>Total equity</b>	<b>721,774</b>	<b>620,581</b>	<b>659,677</b>
<b>Non-current liabilities</b>			
Non-current loans and borrowings	32,251	76,860	44,413
Other non-current liabilities and provisions	4,153	7,409	4,371
<b>Total non-current liabilities</b>	<b>36,404</b>	<b>84,269</b>	<b>48,784</b>
<b>Current liabilities</b>			
Trade payables	31,204	20,376	27,882
Current loans and borrowings	17,647	29,381	31,796
Other current liabilities and provisions	75,404	60,094	64,658
<b>Total current liabilities</b>	<b>124,255</b>	<b>109,852</b>	<b>124,336</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>882,432</b>	<b>814,702</b>	<b>832,798</b>



## Condensed Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 30 Sep 2021 unaudited	Quarter ended 30 Sep 2020 unaudited	Quarter ended 30 Jun 2021 unaudited	Nine months ended 30 Sep 2021 unaudited	Nine months ended 30 Sep 2020 unaudited
<b>Income before taxes</b>	<b>20,505</b>	<b>-12,935</b>	<b>24,968</b>	<b>59,621</b>	<b>-24,002</b>
<b>Reconciliation of net income to cash flow arising from operating activities:</b>	<b>18,131</b>	<b>9,974</b>	<b>12,079</b>	<b>51,801</b>	<b>54,623</b>
Depreciation and amortization, before effect of grants and subsidies	19,076	18,700	18,718	56,345	56,188
Recognized investment grants and subsidies netted with depreciation and amortization	-850	-852	-848	-2,539	-2,603
Interest income and expenses (net)	-139	348	-117	-379	1,980
Loss/(gain) on the sale of plant, property, and equipment (net)	80	-270	-280	-312	-584
Loss/(gain) on the change in fair value of derivatives (net) and financial assets (net)	0	0	0	0	-420
Other non-cash transactions (net)	-36	-7,953	-5,393	-1,313	63
<b>Changes in working capital:</b>	<b>15,565</b>	<b>1,148</b>	<b>-12,864</b>	<b>-17,494</b>	<b>12,180</b>
Decrease/(increase) of trade receivables	1,439	-2,663	-943	-10,796	3,954
Decrease/(increase) of other receivables & prepaid expenses	10,743	4,800	-6,055	-811	20,077
Decrease/(increase) of inventories	-10,324	5,178	-6,055	-18,848	-5,441
(Decrease)/increase of trade payables	4,446	-7,082	-126	4,845	-15,581
(Decrease)/increase of other liabilities	9,261	914	316	8,117	9,172
<b>Income taxes (paid)/received</b>	<b>-220</b>	<b>-113</b>	<b>-14</b>	<b>-1,967</b>	<b>-833</b>
<b>Cash Flow from operating activities</b>	<b>53,981</b>	<b>-1,926</b>	<b>24,169</b>	<b>91,962</b>	<b>41,969</b>
<b>Cash Flow from investing activities:</b>					
Payments for property, plant, equipment & intangible assets	-21,932	-6,756	-14,216	-45,849	-23,849
Proceeds from sale of financial assets	0	0	0	0	1,156
Payments for loan investments to related parties	-72	-34	-38	-201	-172
Proceeds from loan investments related parties	42	40	45	166	154
Proceeds from sale of property, plant, and equipment	47	1,208	285	449	1,526
Interest received	451	436	468	1,390	1,406
<b>Cash Flow used in investing activities</b>	<b>-21,464</b>	<b>-5,105</b>	<b>-13,456</b>	<b>-44,046</b>	<b>-19,780</b>



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

in thousands of USD	Quarter ended 30 Sep 2021 unaudited	Quarter ended 30 Sep 2020 unaudited	Quarter ended 30 Jun 2021 unaudited	Nine months ended 30 Sep 2021 unaudited	Nine months ended 30 Sep 2020 unaudited
<b>Cash Flow from (used in) financing activities:</b>					
Proceeds from loans and borrowings	310	-266	4,479	4,789	8,547
Repayment of loans and borrowings	-8,561	-7,781	-4,231	-20,411	-20,718
Payments of lease installments	-1,335	-1,390	-1,529	-4,037	-4,201
Receipt of government grants and subsidies	0	0	0	0	696
Interest paid	-312	-185	-350	-1,010	-627
Distribution to non-controlling interests	0	0	0	-12	-12
<b>Cash Flow from (used in) financing activities</b>	<b>-9,898</b>	<b>-9,622</b>	<b>-1,630</b>	<b>-20,681</b>	<b>-16,315</b>
Effect of changes in foreign currency exchange rates on cash	-1,715	4,679	217	-7,089	577
Increase/(decrease) of cash and cash equivalents	22,619	-16,654	9,083	27,235	5,874
Cash and cash equivalents at the beginning of the period	205,109	191,636	195,810	205,867	173,211
<b>Cash and cash equivalents at the end of the period</b>	<b>226,013</b>	<b>179,662</b>	<b>205,109</b>	<b>226,013</b>	<b>179,662</b>

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