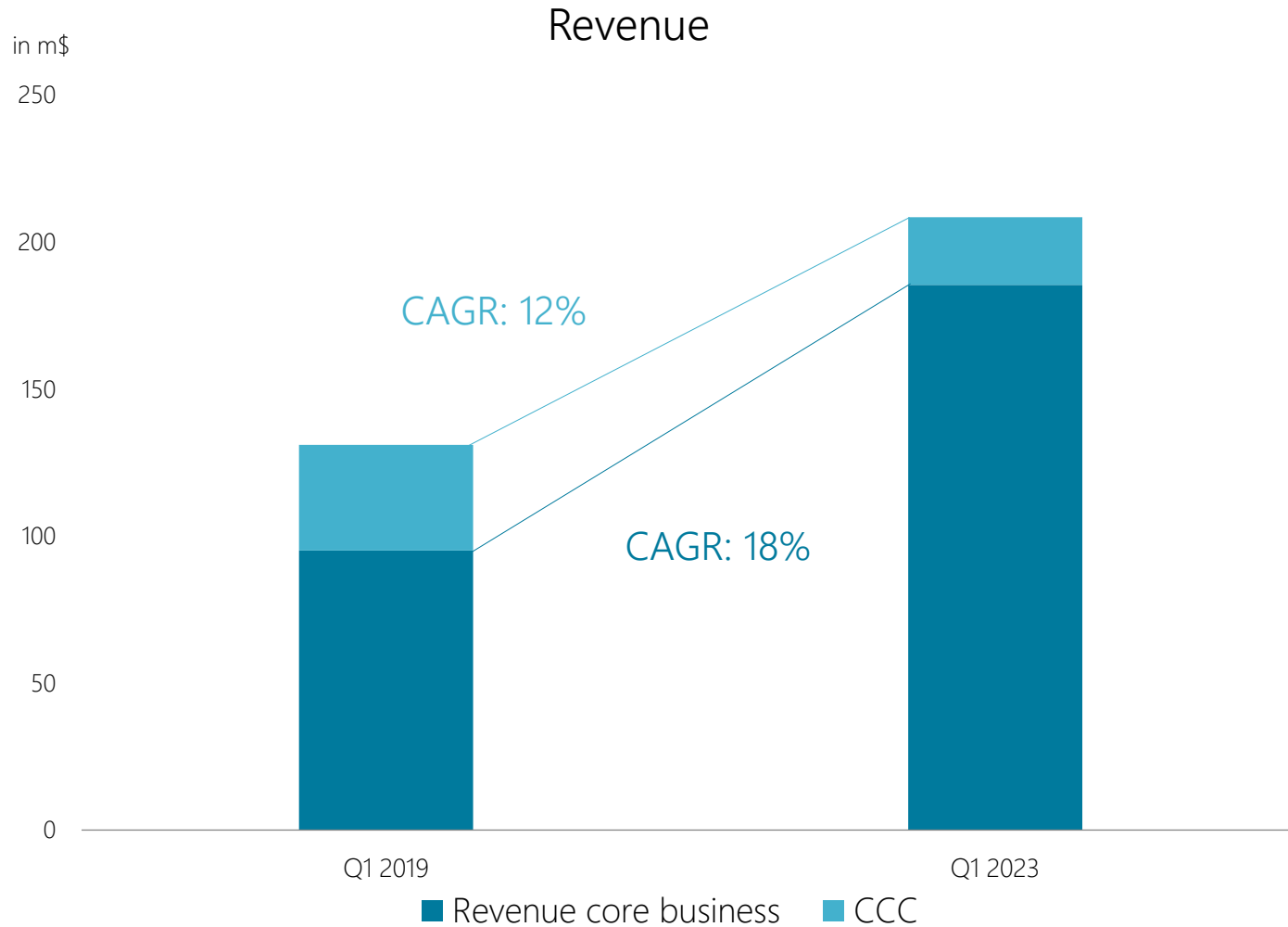




# X-FAB's financial model & outlook

Alba Morganti | CFO

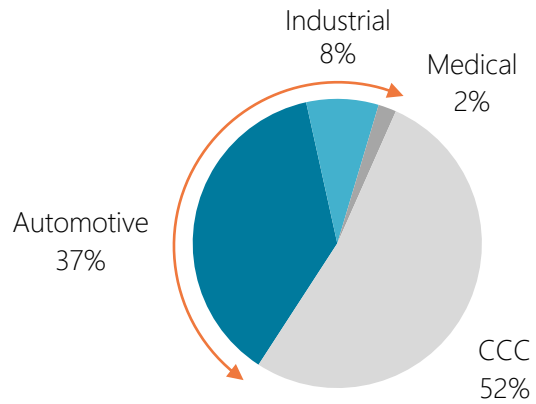
# Strong revenue growth



- › All time high revenue in Q1 2023
- › Strong growth of core business – automotive, industrial and medical – with an increased share of total revenue

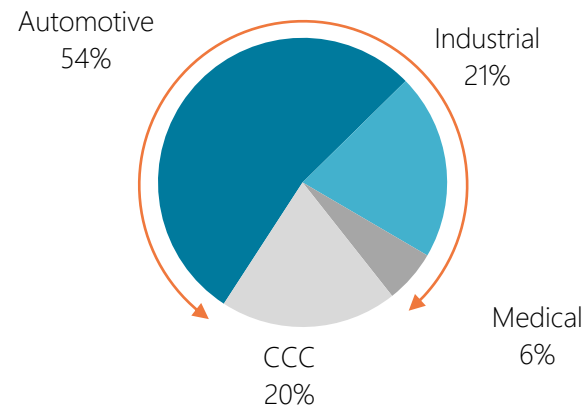
# High value-added business mix

Pre-IPO  
Q4 2016



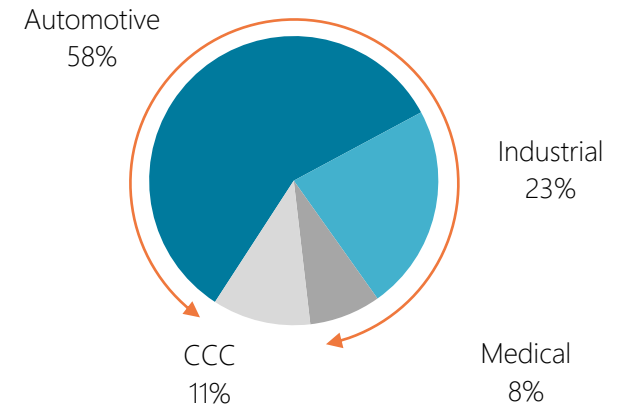
Core business: 48%

Last CMD  
Q1 2021



Core business: 80%

Today  
Q1 2023



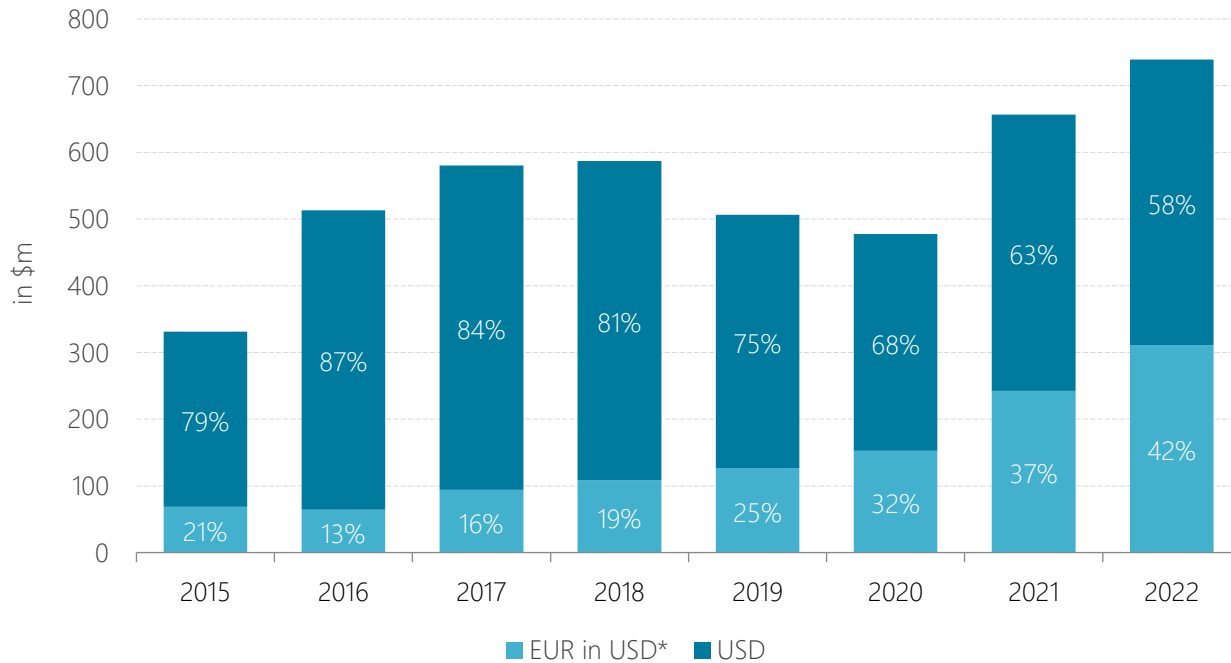
Core business: 89%

Because of rounding differences the sum of the percentages provided in the pie charts may not be 100%.

# Natural hedging of FX

## Revenue by currency

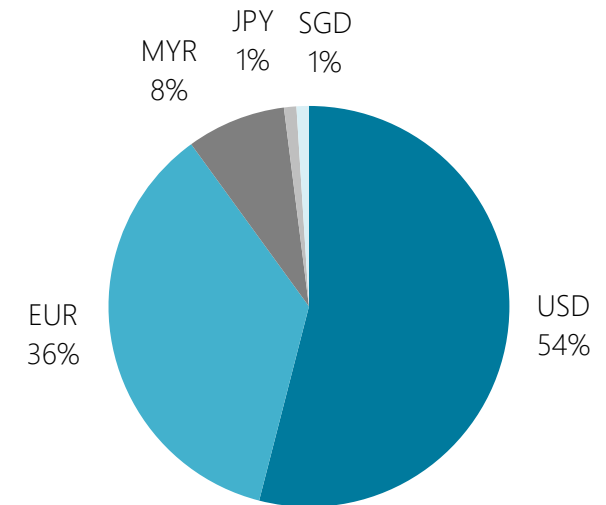
- › Euro share of sales in Q1 2023 was at 45% – coming from a low of 11% in Q4 2016



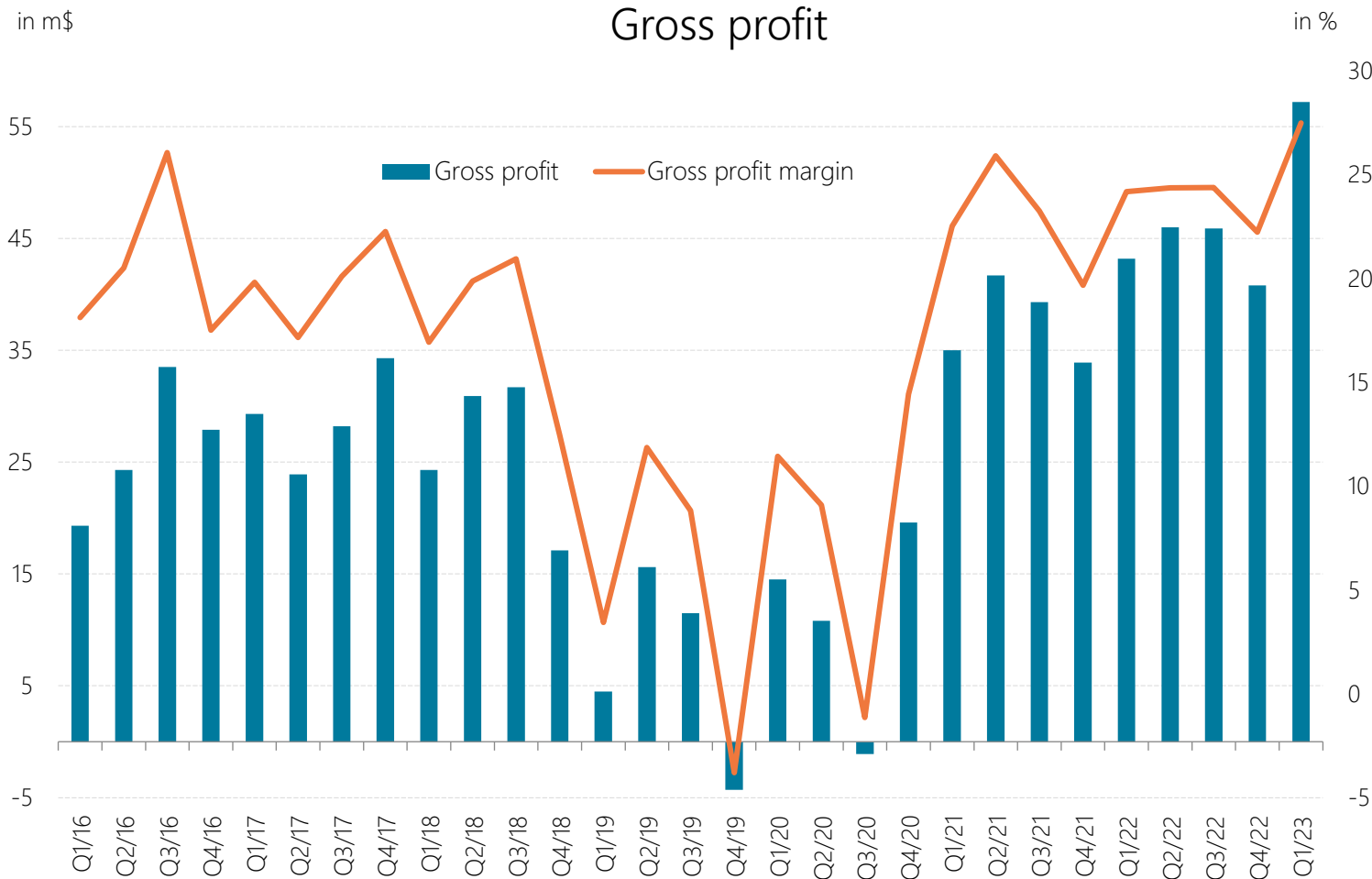
\*Revenue in Euro translated into US-Dollar

## Costs by currency

(full year 2022)



# Profitability improved



- › Strong top line growth
- › Increased share of higher value-added business
- › Economies of scale
- › Price increases offsetting cost increases
- › Productivity improvements driven by optimization projects
- › No FX volatility thanks to natural hedging of the business

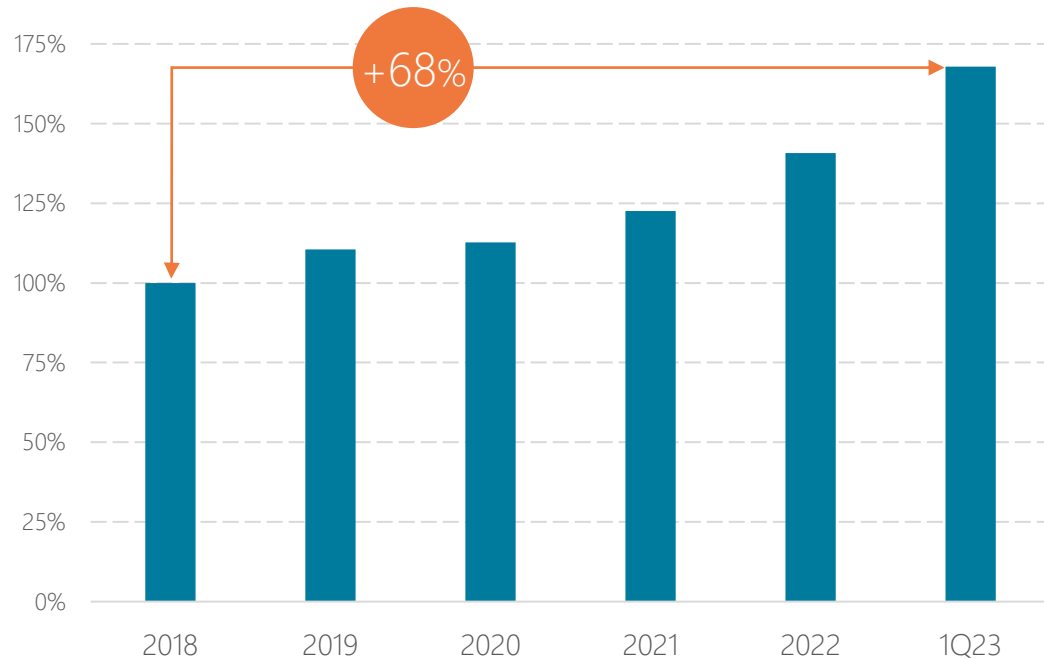
# Profitability set to increase

Key drivers for profitability improvement going forward

<p>Top line growth</p>	<ul style="list-style-type: none"> <li>› strong growth of core business</li> <li>› no longer affected by decreasing legacy business</li> </ul>
<p>Increasing share of high value-added business with higher ASPs</p>	<ul style="list-style-type: none"> <li>› core business expected to further increase to &gt;90% of total revenue</li> </ul>
<p>Increasing wafer output based on productivity improvements</p>	<ul style="list-style-type: none"> <li>› optimization and automation projects</li> </ul>
<p>Turnaround X-FAB France</p>	<ul style="list-style-type: none"> <li>› capacity conversion and expansion to ramp automotive business will drive top line growth</li> <li>› revenue target 2026: USD 340 million</li> <li>› EBITDA breakeven expected by 2024 at a revenue level of USD ~200 million</li> </ul>
<p>Economies of scale</p>	<ul style="list-style-type: none"> <li>› cost advantages driven by increased production output in existing sites</li> </ul>

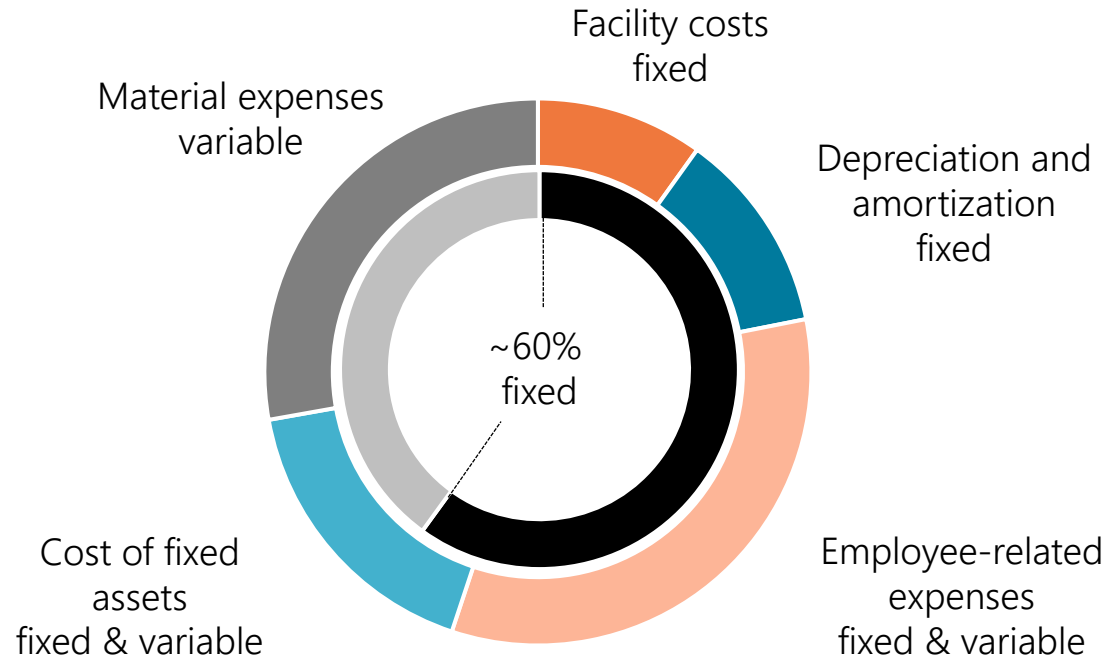
# Increasing share of high value-added business

Evolution of average revenue per wafer



- > Change of technology mix
- > Price increases to offset inflation and depreciation

# Strong operational leverage

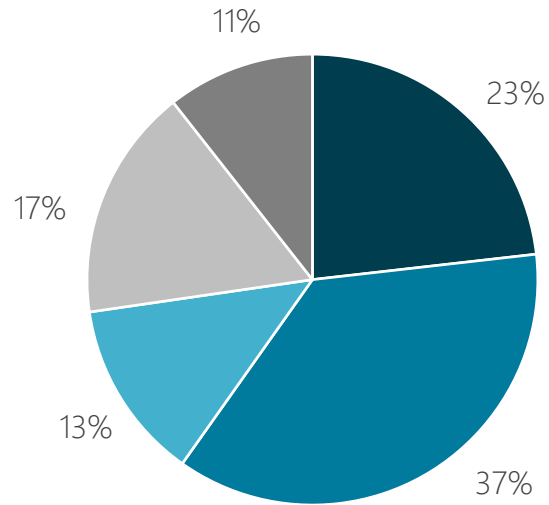


FY 2022



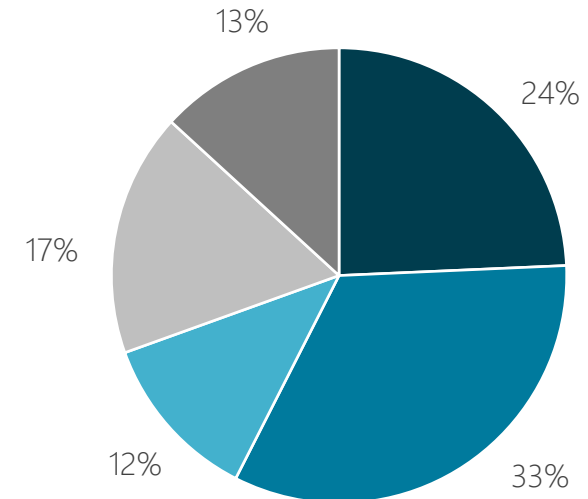
# Costs under control

Historical  
2018-2020



- Material expenses
- Employee-related expenses
- Depreciation & amortization
- Cost of fixed assets
- Facility costs

Actual  
Q1 2023



**TREND:**



Material  
Depreciation & amortization  
Financing cost

Through  
economies  
of scale:

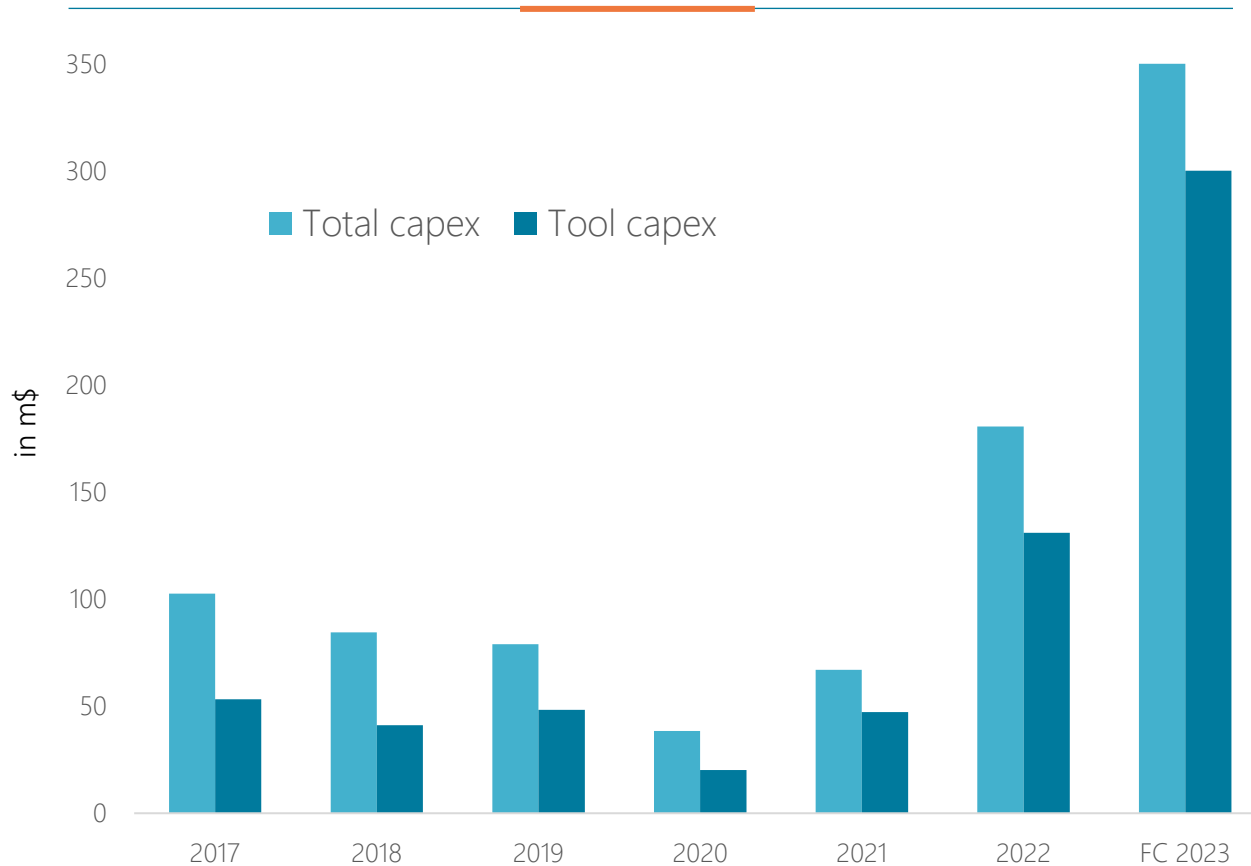


Cost of fixed assets  
Facility costs  
Employees

Because of rounding differences the sum of the percentages provided in the pie charts may not be 100%.

# Investing to support strong growth

## Capex evolution



## Capex program 2023-2025

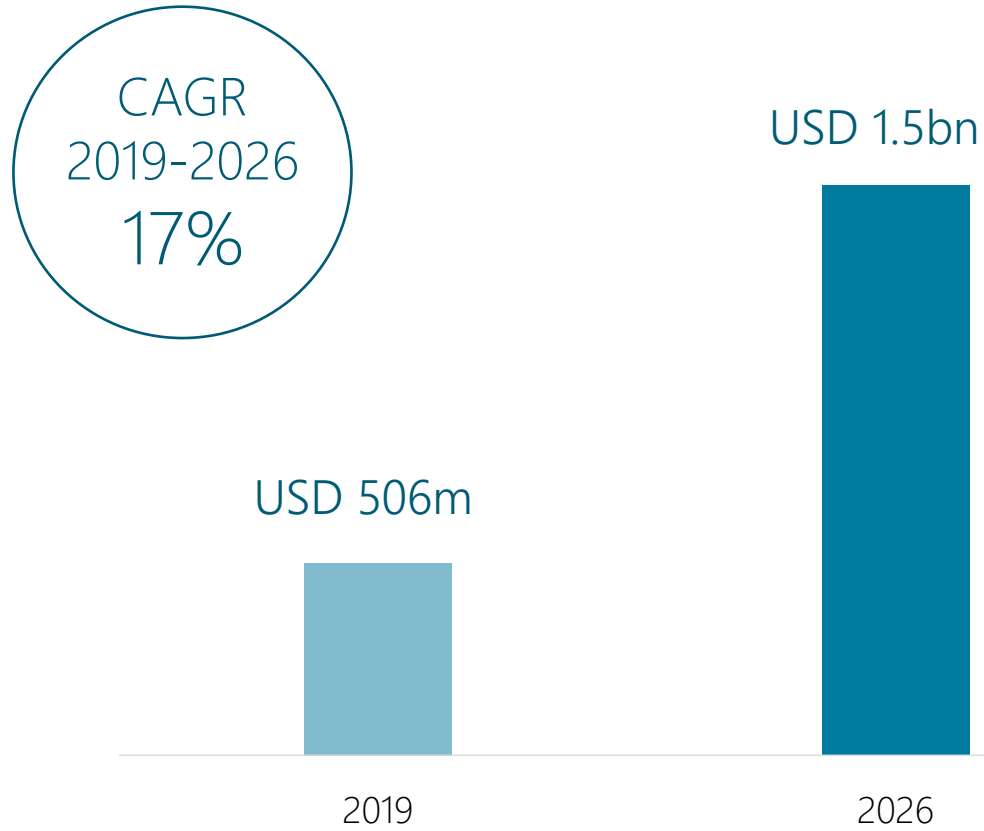
- › Capacity expansion projects estimated at USD 1 billion
- › Maintenance capex estimated at USD 200 million

	Historical	2023-25	2026 onwards
Capex ratio	15%	30-35%	15-20%
Maintenance	7-8%	6%	5%
Expansion	7-8%	24-29%	10-15%*

\*assuming 10% annual revenue growth

# Where will it take us?

## Revenue



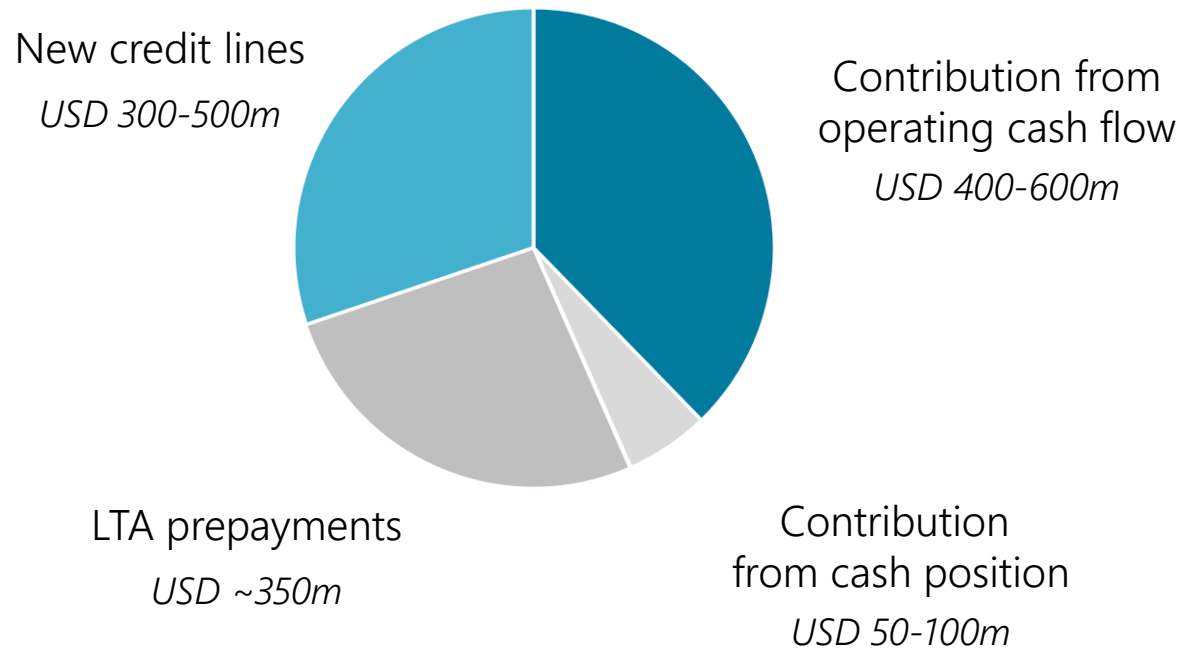
## EBITDA



# Financing the capex

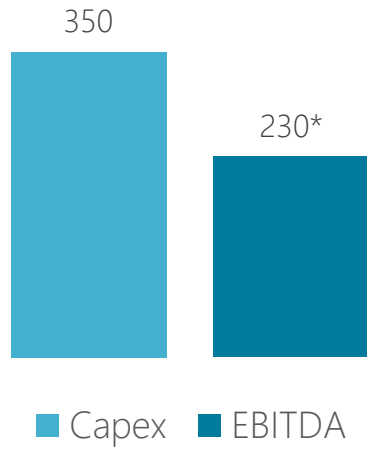
Capex  
USD 1.2bn  
2023-2025

Financing structure  
2023-2025



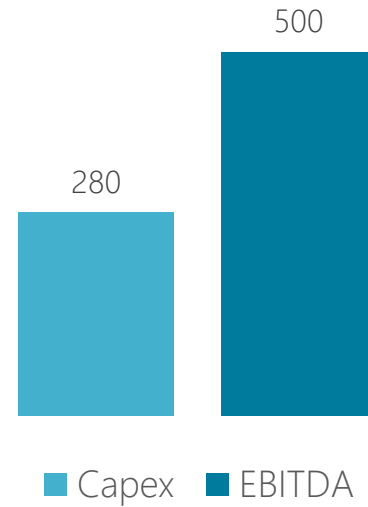
# Outlook

FC 2023  
in USD million



\*Mid-point of FY 2023 guidance

FC 2026  
In USD million



# Outlook

	Guidance FY 2023	Outlook FY 2026
Revenue	USD 880-960 million	USD 1.5 billion
EBITDA margin	23-27%	30-35%
CAPEX	USD 350m +/- 10%	15-20% of annual revenue
Free cash flow	~10% of annual revenue*	~15% of annual revenue

\*including LTA prepayments

xfab

Thank you.

     xfab.com