



X-FAB Third Quarter Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – November 7th, 2017, 7.00 am CET

Highlights for Q3 2017:

- **Revenue of USD 140.3 million, up 9% year-on-year and up 1% quarter-on-quarter**
- **EBITDA of USD 26.7 million with an EBITDA margin of 19%**
- **Both revenue and EBITDA are in-line with guidance**
- **EBIT of USD 12.8 million, down 35% year-on-year and up 40% quarter-on-quarter**
- **Net profit of USD 22.4 million, up 34% year-on-year and down 7% quarter-on-quarter**
- **Earnings per share of USD 0.17**

Q4 2017 Outlook:

- **Revenue expected of USD 147-153 million with an EBITDA margin of about 20%**

In the third quarter, the integration of X-FAB France moved forward. As scheduled, first production on X-FAB's proprietary technologies was delivered out of the factory in Corbeil-Essonnes.

The capacity expansion of the Malaysian fab is on track after the USD 40 million CAPEX project was kicked off in the second quarter of 2017. The capacity of the site will increase by 4,000 wafer starts per month to a total of 28,000 wafer starts per month, which will become fully effective in the second quarter of 2018.

X-FAB Texas is expected to record first SiC production revenue in the fourth quarter of 2017.

In the third quarter, the utilization rate of the factories increased. In addition to this, the share of X-FAB's core market segments automotive, industrial and medical went up while the lower margin consumer business decreased. These factors contributed to an improved profitability. Revenues in the consumer segment experienced a dip in the third quarter due to an ongoing transition to next generation products on customer side. The consumer segment is expected to strengthen in the fourth quarter of 2017.

At a constant USD/Euro currency exchange rate, revenues grew by 8% year-on-year and were flat quarter-on-quarter.



Revenue Breakdown per Quarter

in millions of USD	Q1 2016		Q2 2016		Q3 2016		Q4 2016		Q1 2017		Q2 2017		Q3 2017	
Automotive	46.2		52.9		55.9		56.0		54.5		59.3		66.5	
Industrial	11.8		11.3		14.9		12.7		15.2		16.5		16.7	
Medical	2.7		2.6		4.1		3.5		4.6		4.5		6.6	
Subtotal core business¹	60.6	56.9%	66.8	56.4%	74.8	58.2%	72.2	45.3%	74.3	50.2%	80.3	57.6%	89.8	64.0%
CCC ²	24.8		25.5		29.8		30.5		30.9		24.4		18.8	
Others	0.7		0.7		0.3		0.7		0.7		0.5		0.8	
Subtotal¹	86.1	80.8%	93.0	78.5%	105.0	81.6%	103.4	64.9%	106.0	71.7%	105.2	75.5%	109.5	78.0%
X-FAB France ³	0.0		0.0		0.0		31.6		26.5		31.0		30.8	
Subcontracted business	20.4		25.5		23.6		24.3		15.4		3.2		0.0	
Total revenues	106.5		118.5		128.6		159.3		147.9		139.3		140.3	

¹ Without X-FAB France and Subcontracting Business

² Consumer, Communications & Computer

³ X-FAB France business is predominantly CCC with a small amount of Automotive and Industrial business

In the third quarter of 2017, prototyping revenues as indicator for future business came in at USD 12.8 million. Year-to-date, prototyping revenues totaled USD 39.1 million, which is an increase of 25% compared to the same period last year. Prototyping revenues in the core market segments automotive, industrial and medical typically convert into production revenues within four to five years after initial prototyping. With the stronger contribution from the core markets in the third quarter representing 66% of total revenue, overall visibility continued to improve.

Commenting on the development of X-FAB's medical business, Rudi De Winter added: "I am very excited about our medical business which reached a share of 5% of total sales in the past quarter. The medical business grew by 68% in the first nine months of the year compared to the same period of last year. This was mainly driven by revenues for various lab-on-a-chip diagnostic devices, e.g. for the DNA analysis of tumor cells. As these lab-on-a-chip applications keep progressing with FDA approvals, and as they are more and more qualifying for reimbursement by medical insurances, the adoption of these techniques will increase."

FX Sensitivity

Relating to the financials as per September 2017 YTD, an evolution of the USD/Euro exchange rate from 1.10 to 1.20 would translate into a net positive effect on the financial result by about USD 10 million while on a yearly basis it would have a negative effect of USD 12 million on the operational result.



X-FAB Quarterly Conference Call

X-FAB's third quarter results will be discussed in a live conference call on Tuesday, November 7th, 2017 at 5.00 pm CET. The conference call will be in English. Please register in advance of the conference using the following link: <http://emea.directeventreg.com/registration/7598149>

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 November 7th 8 pm CET until November 13th 8 pm CET. The replay number will be +44 (0)1452550000, conference ID 7598149.

The fourth quarter and full year results will be communicated on February 13th, 2018.

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 more than 3,800 people worldwide.

For more information, please visit www.xfab.com.

X-FAB Press Contact

Uta Steinbrecher
Investor Relations
X-FAB Silicon Foundries
+49-361-427-6489
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. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this press release.

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Consolidated Statement of Profit and Loss

in thousands of USD	Quarter ended 30 Sep 2017	Quarter ended 30 Sep 2016	Quarter ended 30 Jun 2017	Nine months ended 30 Sep 2017	Nine months ended 30 Sep 2016
Revenue	140,287	128,588	139,340	427,569	353,599
Revenues in USD in %	81%	86%	83%	84%	87%
Revenues in EUR in %	19%	14%	17%	16%	13%
Cost of sales	-112,081	-95,103	-115,409	-346,123	-276,466
Gross Profit	28,206	33,485	23,931	81,446	77,133
<i>Gross Profit margin in %</i>	<i>20,1</i>	<i>26,0</i>	<i>17,2</i>	<i>19,0</i>	<i>21,8</i>
Research and development expenses	-6,995	-6,869	-6,697	-21,195	-17,769
Selling expenses	-2,123	-1,642	-2,151	-6,644	-5,193
General and administrative expenses	-6,992	-5,269	-6,938	-21,699	-14,870
Rental income and expenses from investment properties	628	-182	954	1,637	-969
Other income and other expenses	103	215	73	5	361
Operating profit	12,826	19,739	9,171	33,550	38,693
Finance income	19,294	217	24,928	44,935	2,014
Finance costs	-9,857	-2,647	-10,127	-20,931	-7,206
Net financial result	9,437	-2,429	14,802	24,004	-5,192
Profit before taxes	22,263	17,309	23,972	57,554	33,501
Income tax	146	-590	122	163	-685
Profit for the period	22,409	16,708	24,113	57,742	32,810
EBITDA	26,742	32,539	23,144	74,975	75,656
<i>EBITDA margin in %</i>	<i>19,1</i>	<i>25,3</i>	<i>16,6</i>	<i>17,5</i>	<i>21,4</i>
Earnings per share at the end of period	0.17	0.17	0.19	0.48	0.33
Weighted average number of shares	130,631,921	99,381,921	128,571,481	119,642,910	99,381,921
EUR/USD average exchange rate	1.17442	1.11677	1.09860	1.11274	1.11604



Consolidated Statement of Financial Position

in thousands of USD	Nine Months ended 30 Sep 2017	Nine months ended 30 Sep 2016	Year ended 31 Dec 2016 audited
ASSETS			
Non-current assets			
Property, plant and equipment	297,290	260,338	265,472
Investment properties	8,737	9,137	9,143
Intangible assets	6,672	7,046	7,874
Non-current investments	680	278	190
Other non-current assets	147	49	36
Deferred tax assets	23,968	14,679	19,904
Total non-current assets	337,493	291,528	302,618
Current assets			
Inventories	105,417	74,619	88,972
Trade and other receivables	72,690	77,186	77,292
Other assets	35,047	10,757	18,881
Cash and cash equivalents	343,389	77,080	104,157
Total current assets	556,543	239,642	289,303
TOTAL ASSETS	894,036	531,169	591,921
EQUITY AND LIABILITIES			
Equity			
Share capital	432,745	265,231	265,231
Share premium	349,446	264,535	255,262
Retained earnings	-138,764	-209,318	-196,506
Cumulative translation adjustment	-420	-956	-879
Treasury shares	-770	-10,043	-770
Total equity attributable to equity holders of the parent	642,237	309,450	322,338
Non-controlling interests	364	379	400
Total equity	642,601	309,829	322,738
Non-current liabilities			
Non-current loans and borrowings	118,941	107,284	132,407
Other non-current liabilities and provisions	8,893	1,451	8,481
Total non-current liabilities	127,834	108,734	140,888
Current liabilities			
Trade payables	28,022	35,046	49,032
Current loans and borrowings	36,175	33,581	31,432
Other current liabilities and provisions	59,404	43,978	47,831
Total current liabilities	123,600	112,606	128,295
TOTAL EQUITY AND LIABILITIES	894,036	531,169	591,921



Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 30 Sep 2017	Quarter ended 30 Sep 2016	Nine months ended 30 Sep 2017	Nine months ended 30 Sep 2016
Income before taxes	22,263	17,309	57,554	33,501
Reconciliation of net income to cash flow arising from operating activities:	4,871	15,801	17,332	41,947
Depreciation and amortization, before effect of grants and subsidies	13,917	12,800	41,425	36,963
Recognized investment grants and subsidies netted with depreciation and amortization	-892	-169	-2,754	-1,951
Interest income and expenses (net)	803	1,046	2,452	3,212
Loss/(gain) on the sale of plant, property and equipment (net)	-64	-17	-64	-232
Loss/(gain) on the change in fair value of derivatives (net)	-3,489	0	-11,229	0
Other non-cash transactions (net)	-5,402	2,141	-12,498	3,955
Changes in working capital:	-16,986	20,496	-27,456	-13,504
Decrease/(increase) of trade receivables	-2,754	7,425	6,123	-26,570
Decrease/(increase) of other receivables & prepaid expenses	-6,779	17,699	-11,340	-2,366
Decrease/(increase) of inventories	-7,390	-3,623	-14,595	-12,762
(Decrease)/increase of trade payables	-4,587	17,638	-21,930	20,579
(Decrease)/increase of other liabilities	4,525	-18,642	14,286	7,614
Income taxes (paid)/received	-618	-2,545	-870	-2,675
Cash Flow from operating activities	9,530	51,061	46,559	59,269
Cash Flow from investing activities:				
Payments for property, plant, equipment & intangible assets	-17,836	-27,803	-67,827	-60,747
Payments for investments	0	-70	0	-278
Acquisition of subsidiary, net of cash acquired	0	0	0	0
Payments for loan investments to related parties	-33	-5,556	-95	-5,639
Proceeds from loan investments related parties	30	34	111	103
Proceeds from sale of property, plant and equipment	66	18	67	735
Interest received	495	39	1,292	138
Cash Flow used in investing activities	-17,277	-33,337	-66,453	-65,688

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Consolidated Statement of Cash Flow – con't

in thousands of USD	Quarter ended 30 Sep 2017	Quarter ended 30 Sep 2016	Nine months ended 30 Sep 2017	Nine months ended 30 Sep 2016
Cash Flow from (used in) financing activities:				
Proceeds from loans and borrowings	0	17,555	0	27,080
Repayment of loans and borrowings	-7,978	-5,253	-23,182	-14,365
Receipts from sale & leaseback arrangements	8	4,731	8	5,399
Payments of lease installments	-670	-293	-1,909	-983
Receipt of government grants and subsidies	329	-626	375	1,807
Interest paid	-768	-280	-2,157	-1,587
Gross proceeds from capital increase	0	0	266,575	0
Direct cost related to capital increase	0	0	-7,389	0
Distribution to non-controlling interests	0	0	-11	0
Cash Flow from (used in) financing activities	-9,079	15,834	232,311	17,351
Effect of changes in foreign currency exchange rates on cash	9,907	-1	26,814	65
Increase/(decrease) of cash and cash equivalents	-16,826	33,558	212,418	10,931
Cash and cash equivalents at the beginning of the period	350,307	43,536	104,157	66,084
Cash and cash equivalents at the end of the period	343,389	77,093	343,389	77,080

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