X-FAB
Capital Markets Update

December 4, 2024

Disclaimer

xfab

Forward-looking information

- This presentation 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 presentation 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 this presentation was created.
- The information contained in this presentation 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.

Investor Day 2023

A brief look back

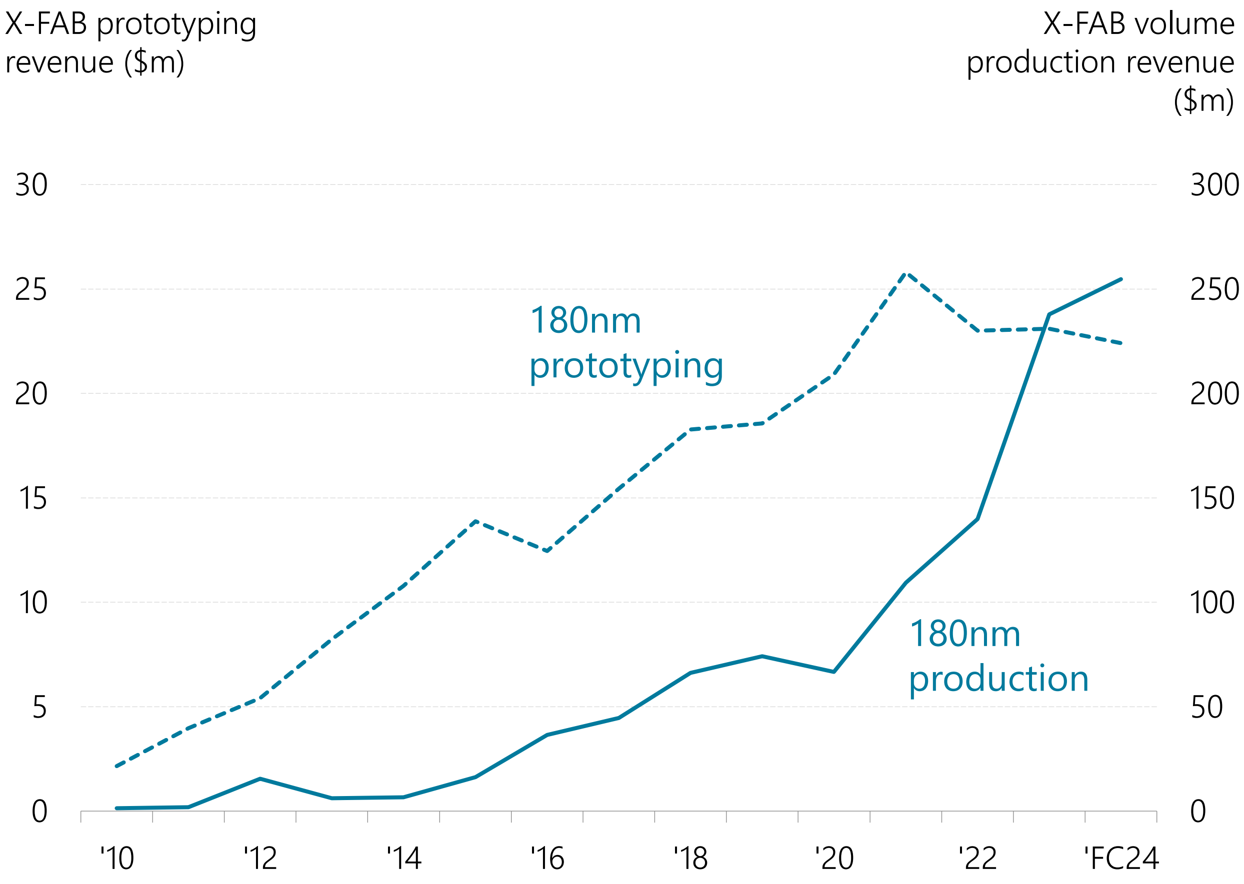
- Strong demand across all end markets & technologies
  - strong automotive & industrial growth driven by "electrification of everything"
- Strong desire to secure supply
  - chip shortage & allocation scenario
  - introduction of long-term agreements with customers
  - decision to expand capacity to support long-term demand

What has changed?

Inventory corrections following a period of high inventory build-up

- Destocking and short-term ordering behavior
  - end of capacity allocation globally
  - global uncertainties and geopolitical tensions impacting customers’ behavior
  - deceleration of global SiC power market growth due to slower EV growth in the EU and the US
    - bullwhip effect

What has not changed?



- Strong underlying growth drivers
- Benefiting from long-term agreements with customers
- Continued strength of X-FAB's 180nm CMOS business

Our business

Where we stand today & expectations going forward

X-FAB's business

Focus on three end markets

Automotive

Industrial

Medical

X-FAB's business – Automotive

X-FAB delivers into
combustion cars and EVs

Comfort & convenience

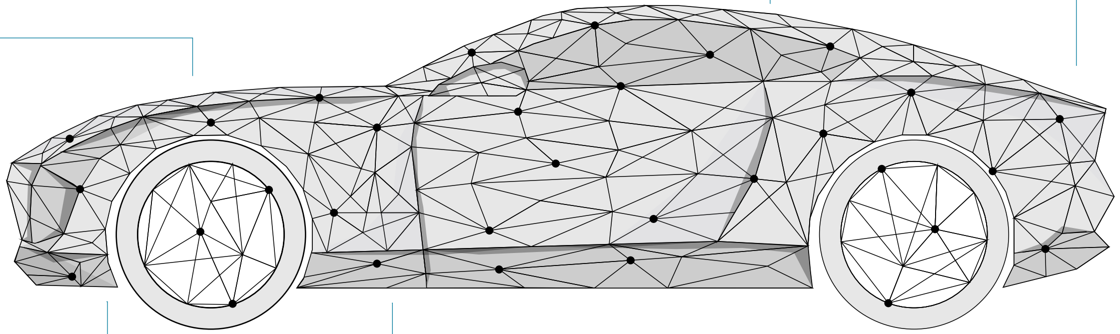
Window & door control
Intelligent key systems
Climate control
Seat control
Mirror & wiper control
Adaptive cruise control
Interior lighting

In-vehicle network

CAN/LIN Transceiver
Ethernet
Safe-by-wire
In-car data bus

Electronic system

12V battery
Lighting
Diagnostics



EV/ICE power train

Inverter
On-board charger
Battery management
Thermal management
DC/DC converter
Engine & exhaust control
Alternator and starter

Infotainment

Touchscreen
Gesture control

Chassis

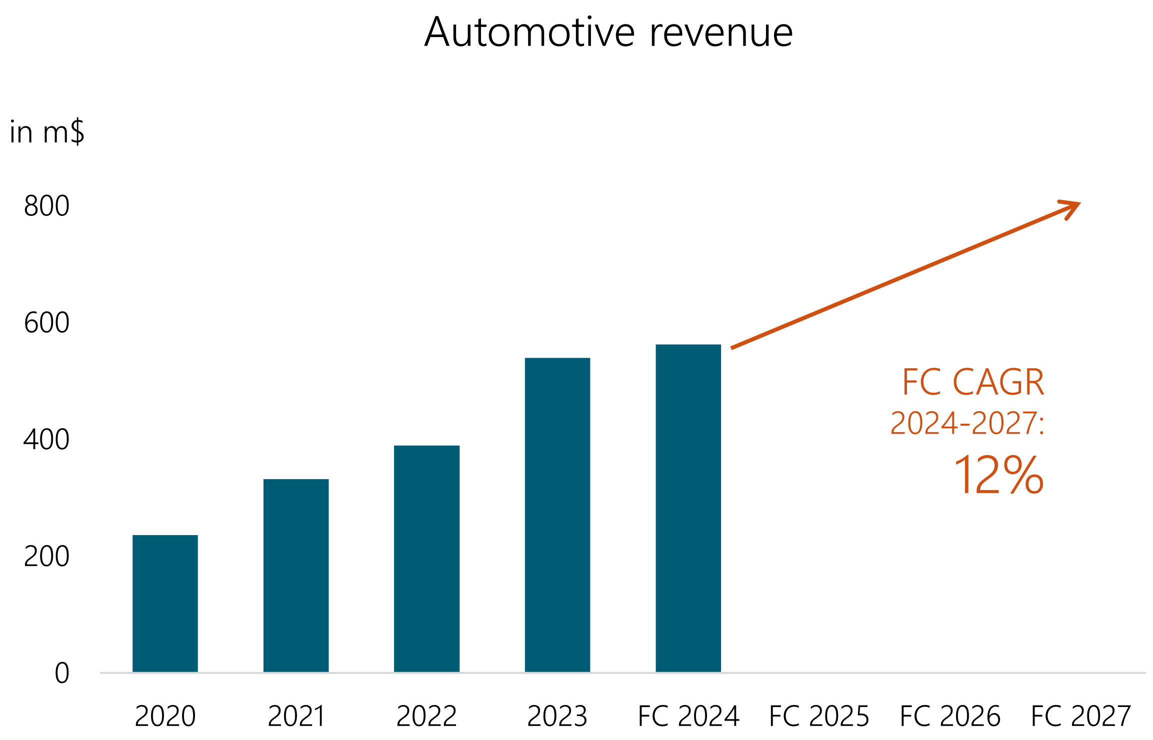
Steering
Brake/ABS
Traction control
Suspension
Alarm
Chassis control

Safety & assistance

Airbags
TPMS
Collision warning
Lane assistant
Parking assistant

X-FAB's business – Automotive

Electronic content increase and transition to electric mobility for long-term growth



- Strong design pipeline with high-growth applications, e. g. battery management, thermal management, etc.
- Strong growth in 180nm CMOS
  - still capacity constrained in 2024
- Current headwinds caused by inventory corrections

X-FAB's business – Industrial

"Electrification of everything" and "smart everywhere" driving growth in industrial

Renewable energy

- Residential energy storage
- Inverter for PV
- Gate drivers for wind turbines

Data center & AI

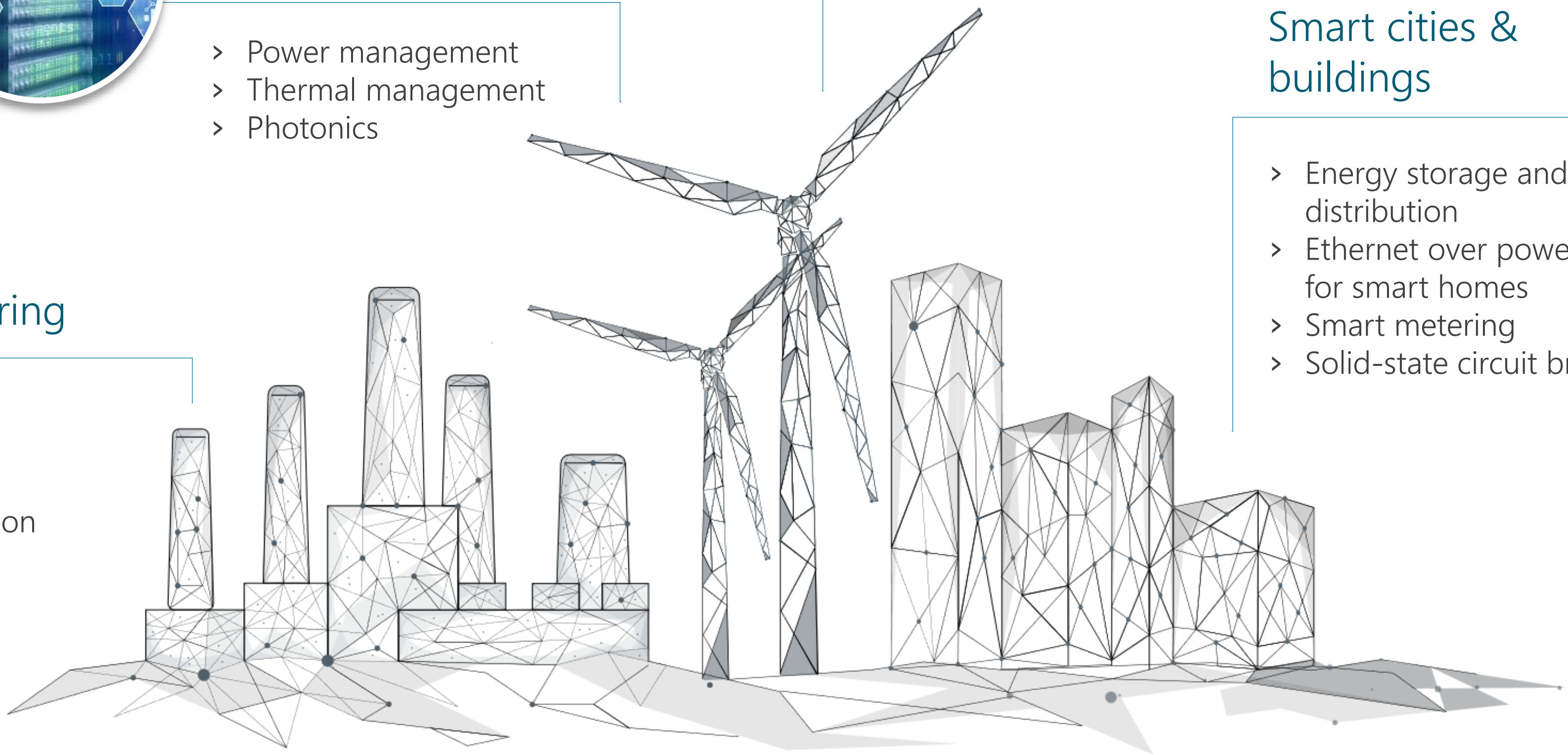
- Power management
- Thermal management
- Photonics

Smart cities & buildings

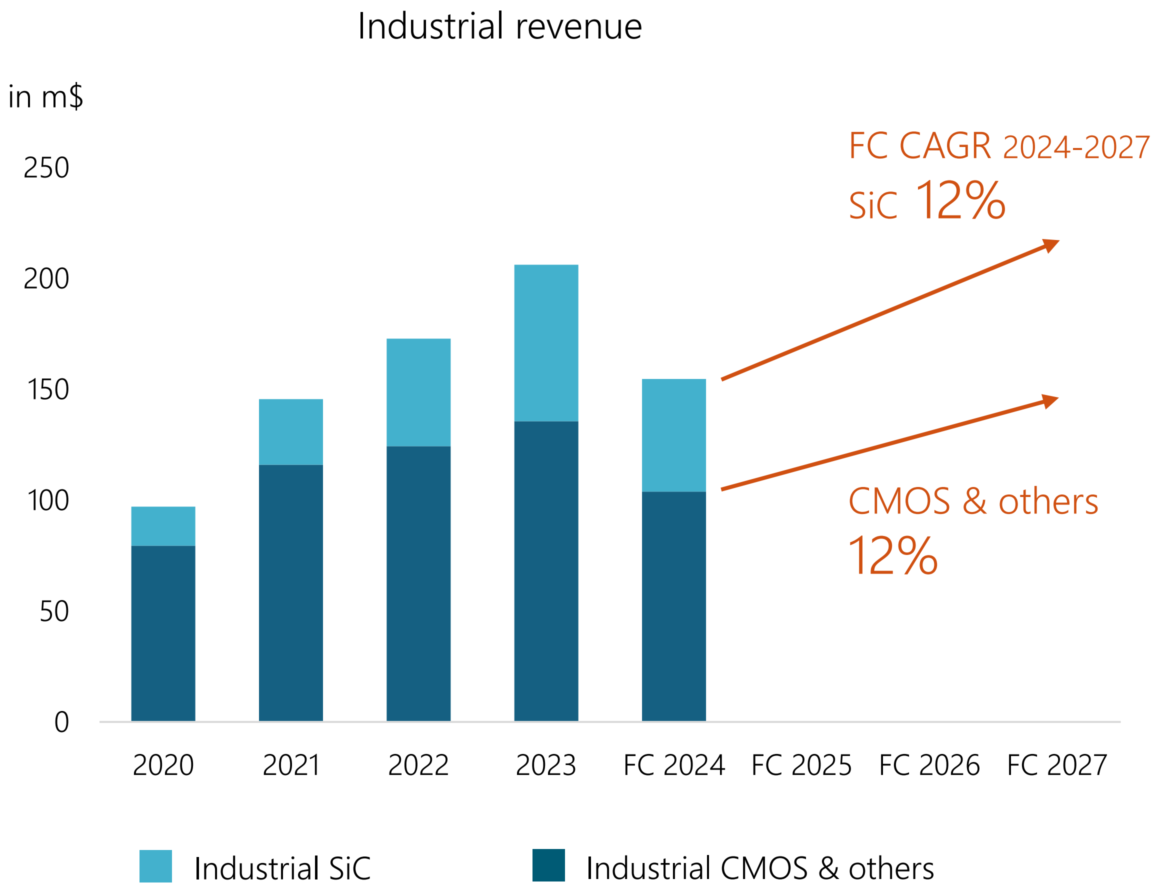
- Energy storage and distribution
- Ethernet over power line for smart homes
- Smart metering
- Solid-state circuit brakers

Smart manufacturing

- Robotics
- Machine-to-machine communication



X-FAB's business – Industrial



- Diverse and highly fragmented business
- Industrial applications continue to leverage X-FAB's robust technologies
- Current headwind due to inventory corrections
- SiC growth supported by continued strong prototyping
- >90% of SiC business is industrial today
  - automotive SiC expected to grow faster in the next three years

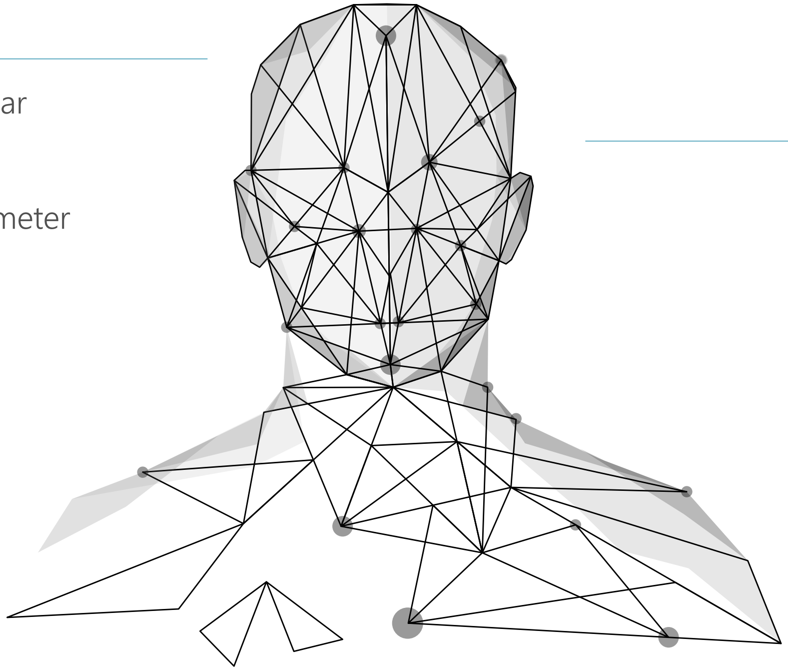
X-FAB's business – Medical

Medical equipment

- Medical ultrasound
- Xray
- CT scanner

Personal medical devices

- Hearing aids, cochlear implants
- Pacemaker
- Contactless thermometer
- Glucose meter

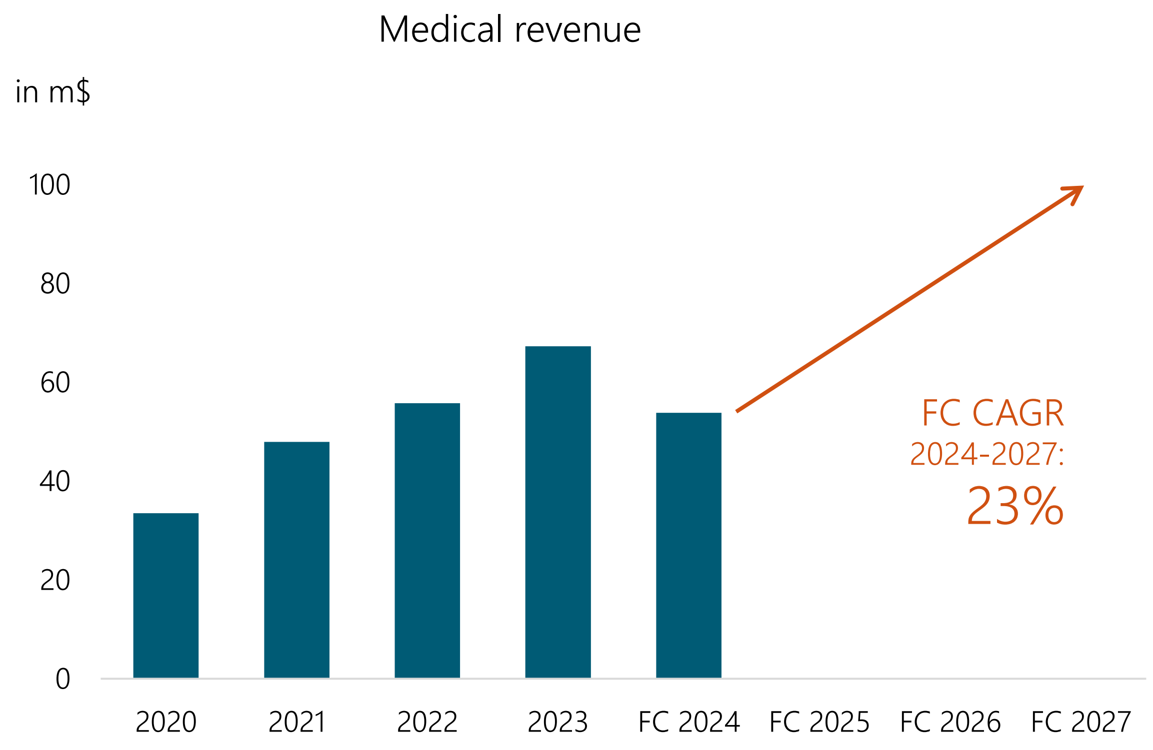


Lab-on-a-chip

- Drug testing & development
- Fast sepsis detection
- DNA sequencing

X-FAB's business – Medical

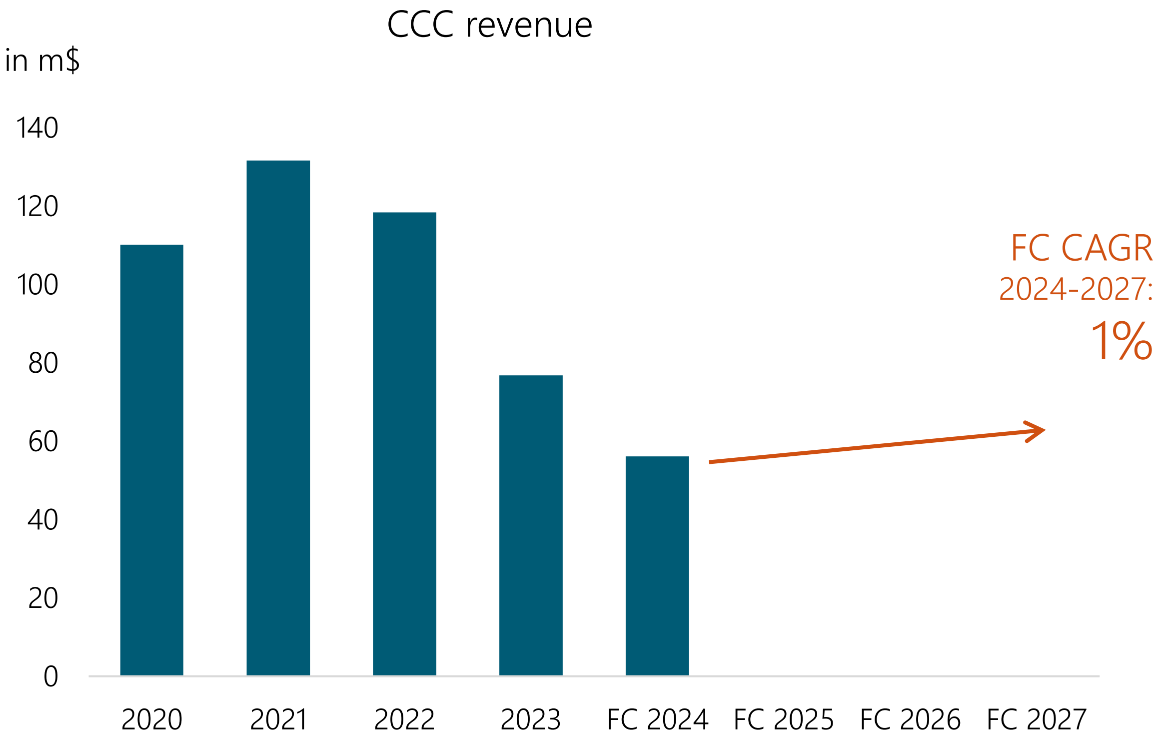
High-value added business driving efficiency in healthcare



- Highly differentiated products exploiting X-FAB Microsystems expertise
  - 3D wafer scale integration, noble metals, thermopiles, etc.
- High-potential applications
  - DNA sequencing, advanced echography, CT scan, etc.
- Bookings recovering
- Strong design pipeline

X-FAB's business – CCC*

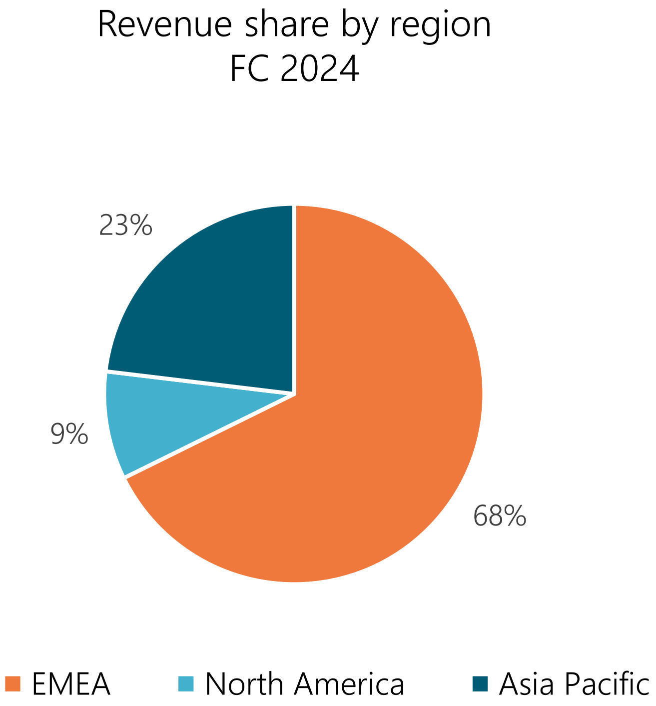
Playing out the strengths of X-FAB

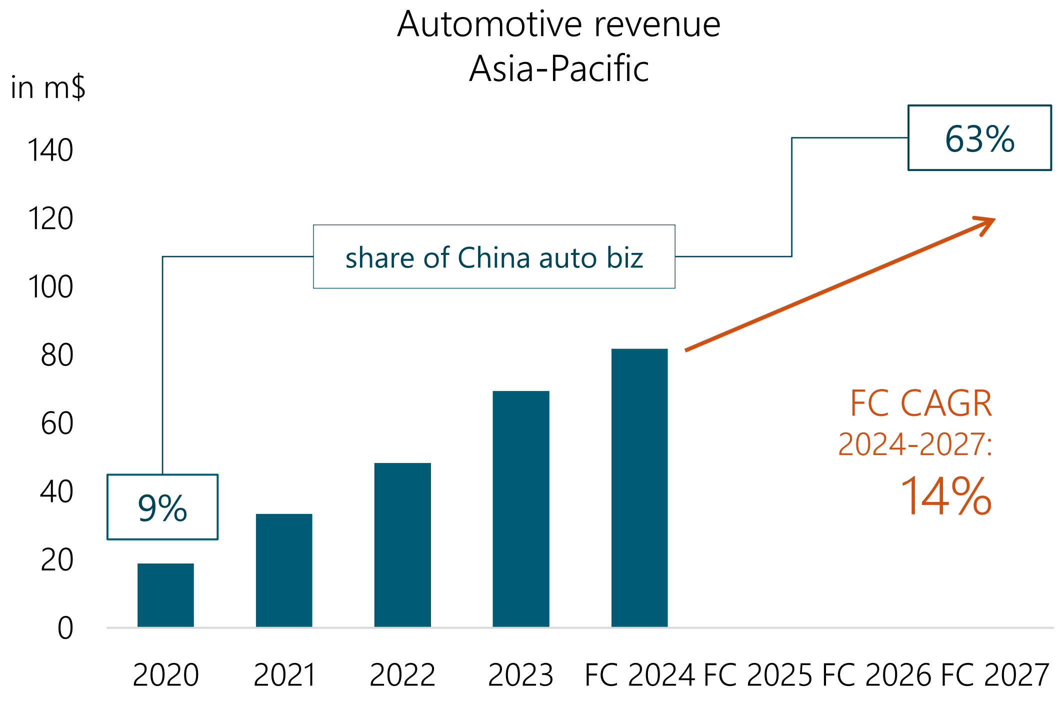


- CCC business focused on cross-selling X-FAB technologies
  - low-margin legacy business phased-out completely
- Niche applications benefiting from X-FAB's high-voltage or sensors expertise
- Improved margins going forward

*Consumer, Communications & Computer

X-FAB's business – by region





Strong auto growth in China driven by EVs

Expansions & capex

Expand to meet demand

Ensuring the future success of X-FAB

xfab

Continue to **invest in R&D** to stay at the forefront of innovation

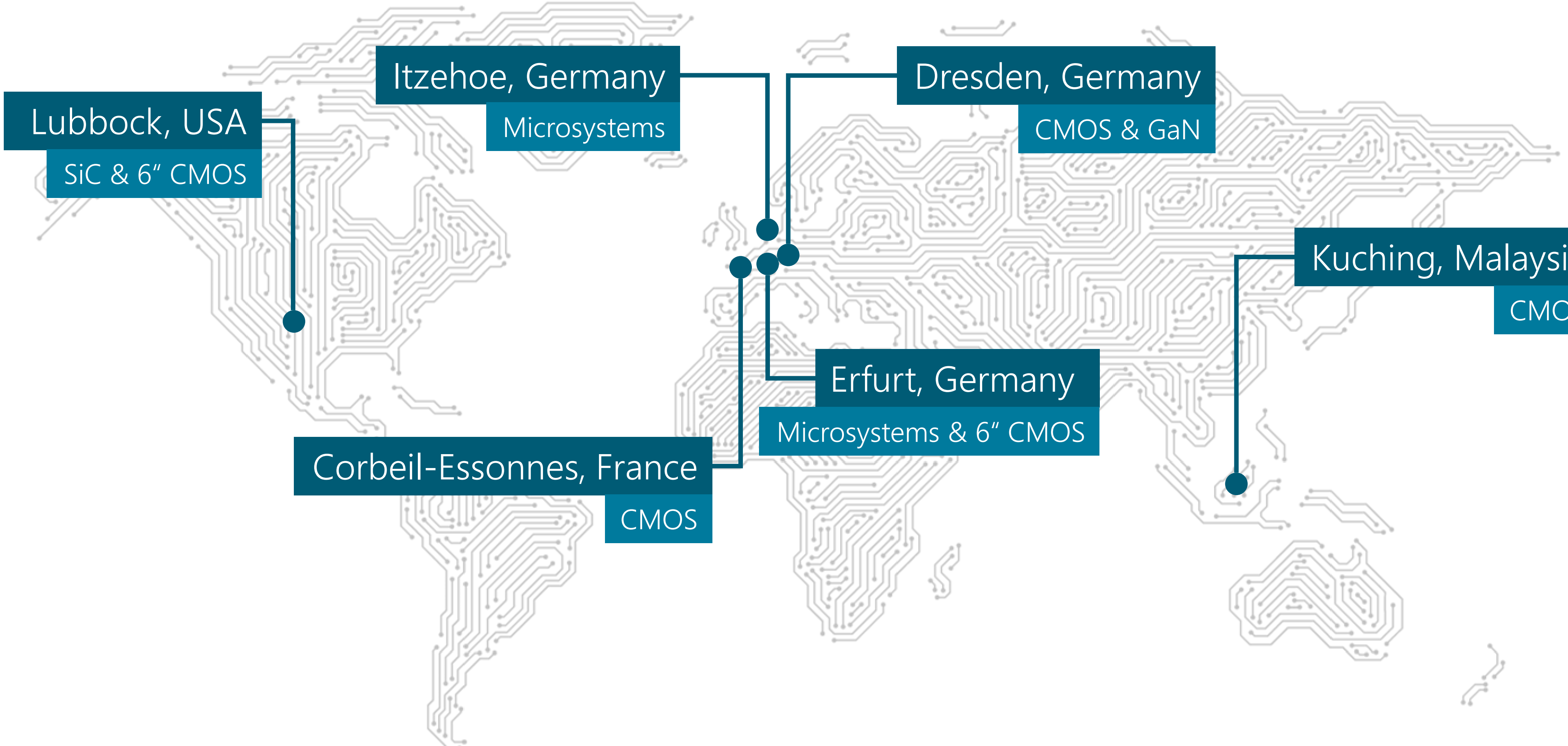
- CMOS roadmap
- high-performance SiC and microsystems

Execute **manufacturing expansions** to ensure reliable supply going forward

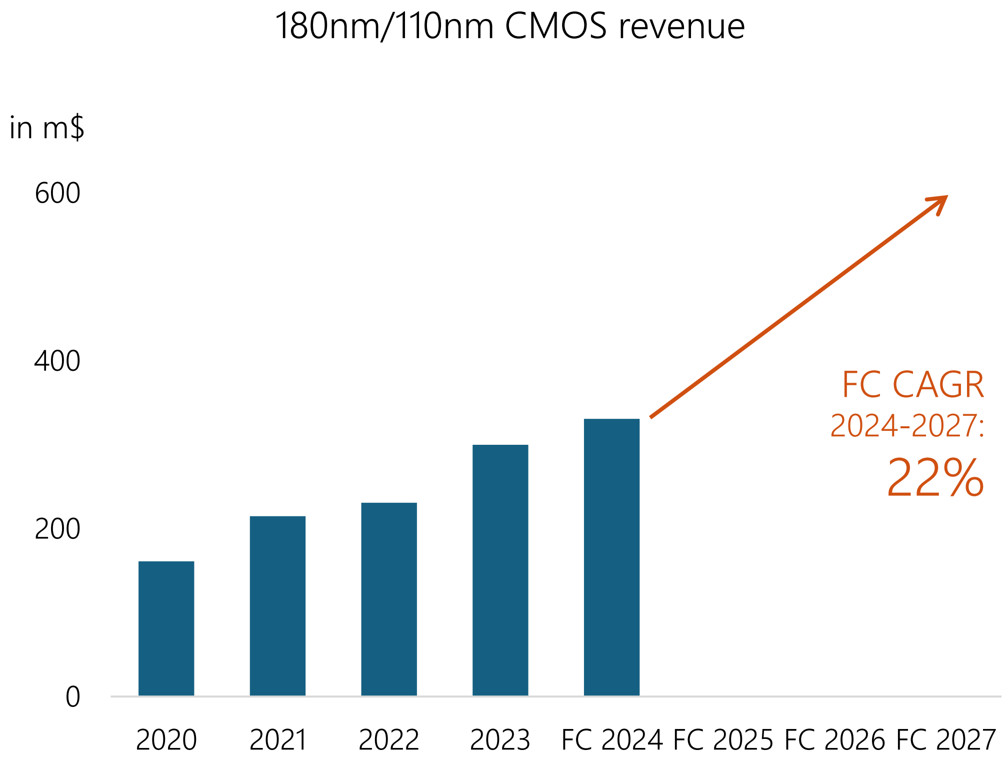
- focus on 180nm & 110nm CMOS capacity in Malaysia and France
- further develop capabilities and expand our capacity to execute our microsystems roadmap
- well prepared for recovery and growth of SiC business in Texas
- leverage operational performance improvements with automation and economies of scale

Manufacturing expertise worldwide

Specialty CMOS, Microsystems and Power (SiC & GaN)



Expansions and capex – 180nm/110nm CMOS



Status expansion program 2023-2025

- Sites: Kuching and Corbeil-Essonnes
- Total capex: USD 750 million
  - 85% completed
- Fully available by: Q3 2026
- Capacity increase from Q4 2022: +170%
- Revenue contribution in 2024: 40%

Construction area in Q1 2024

X-FAB Sarawak

Construction area today

X-FAB Sarawak


xfab
Warehouse
New clean room
Central utility building
Construction area today
X-FAB Sarawak

Moving into the new clean room area

X-FAB Sarawak

Moving into the new clean room area

X-FAB Sarawak

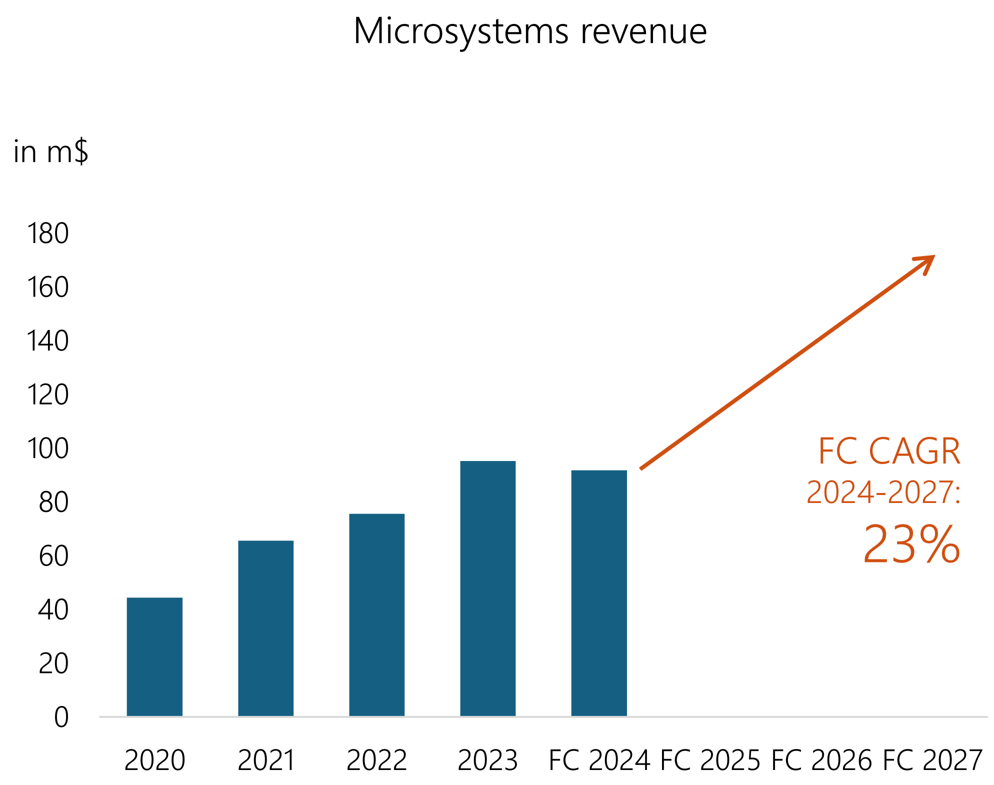

X-FAB France


Expansion area
X-FAB France

Equipment up and running

X-FAB France

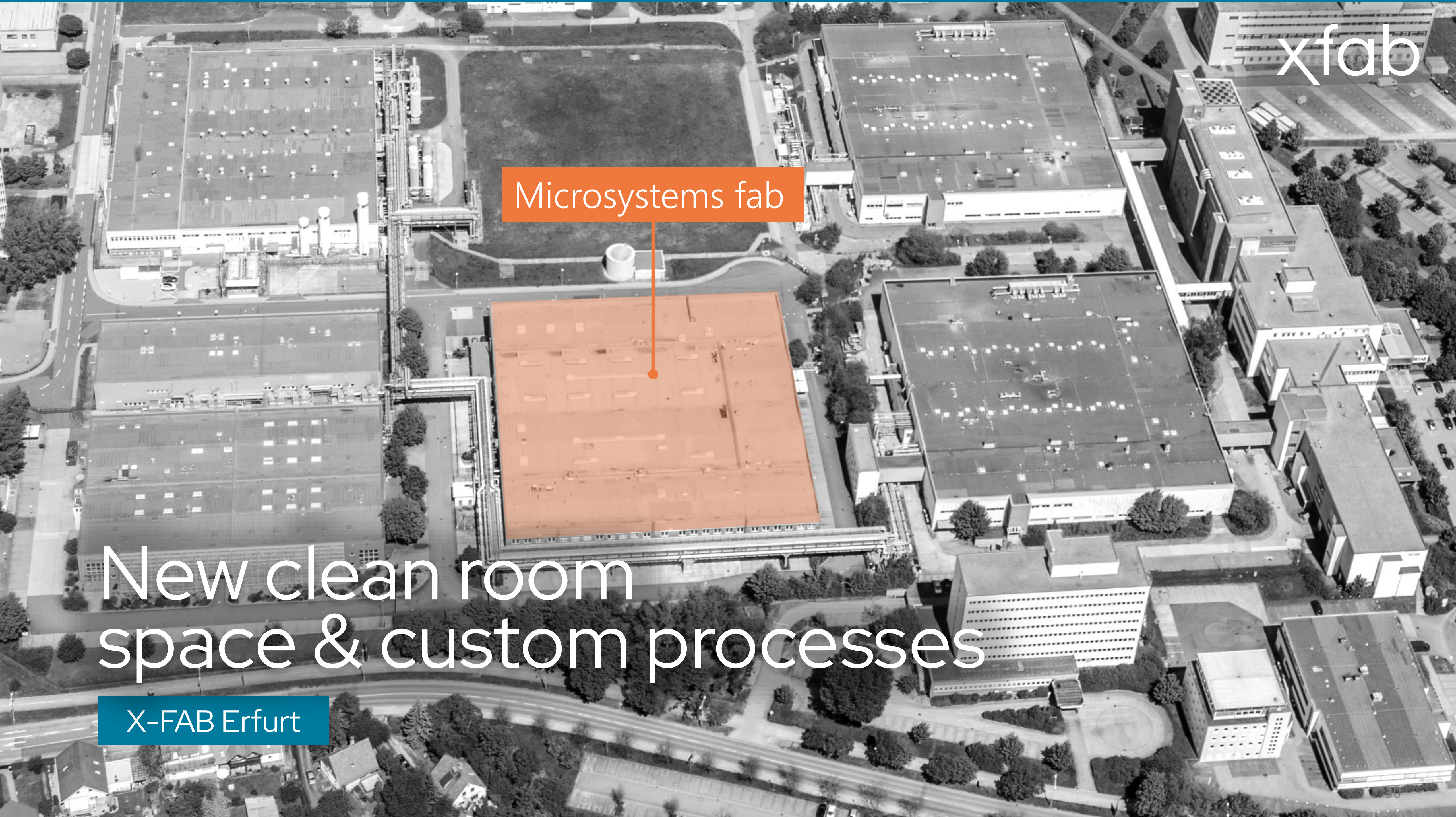
Expansions and capex – Microsystems



Status expansion program 2023-2025

- Site: Erfurt
- Total capex: USD 59 million
  - 40% completed
- Capacity increase: +60%
- Fully available by: Q1 2026
- Revenue contribution 2024: 11%
- Additional expansions driven by customer-specific projects


X-FAB Erfurt



New clean room space & custom processes

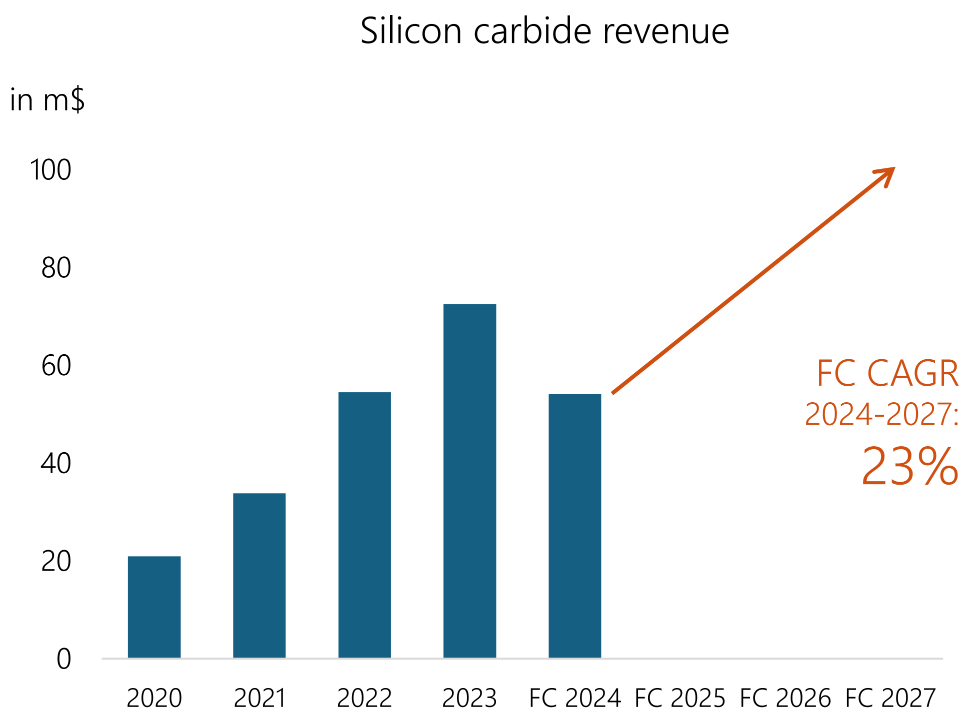
X-FAB Erfurt

xfab

New clean room space & custom processes

X-FAB Erfurt

Expansions and capex – Silicon carbide



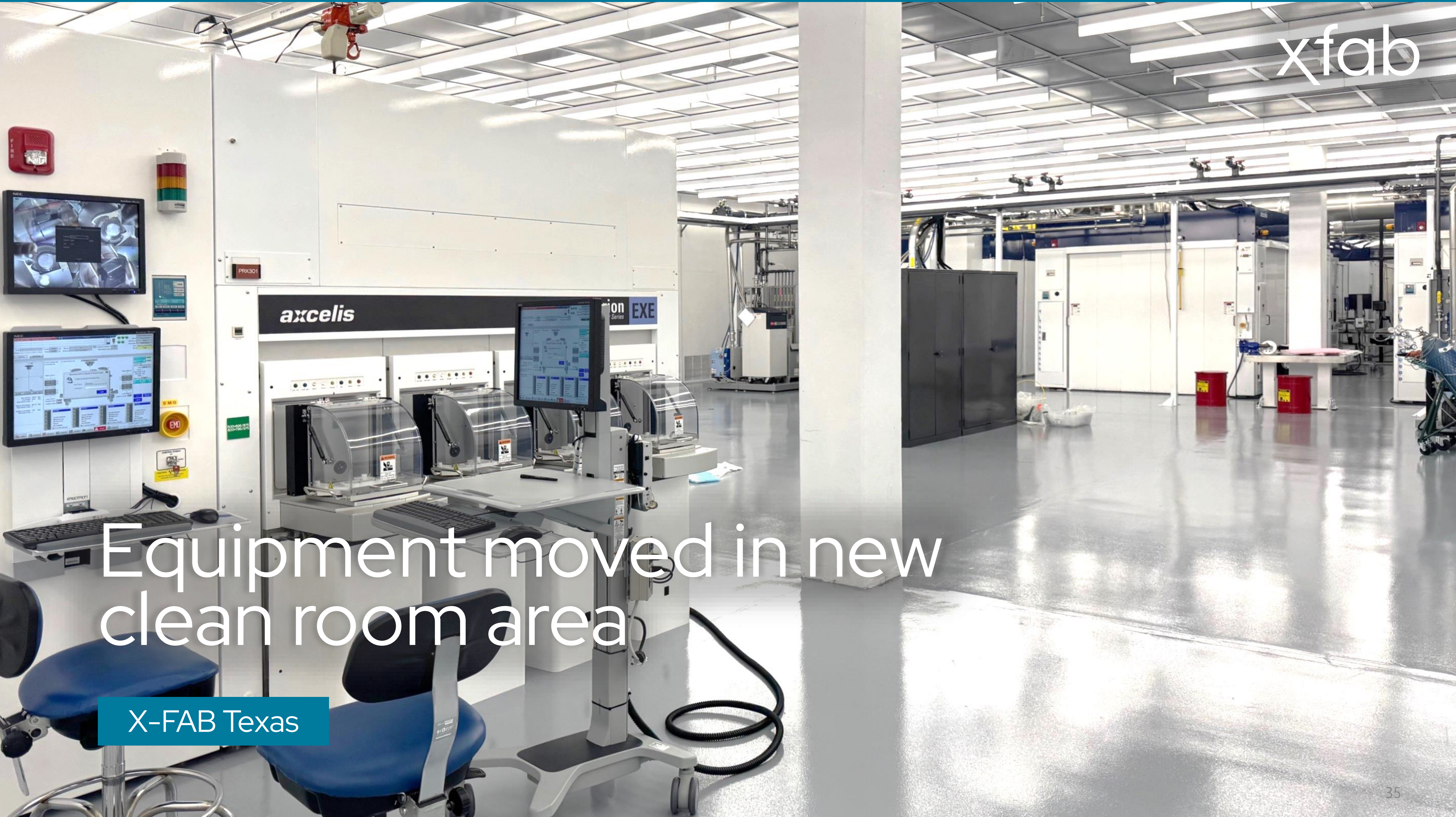
Status expansion program 2023-2025

- SiC invest halted due to market weakness
- Capex spent: USD 100 million
- Prepared for strong growth without additional invest:
  - installed capacity: 7,500 wspm
  - current run rate: 2,000 wspm
- Leveraging US Chips Act going forward
- Customer-specific development activities increasing year-on-year

wspm = wafer starts per month

X-FAB Texas


CMOS & SiC
CMOS & SiC
Implant & EPI
X-FAB Texas



Equipment moved in new clean room area

X-FAB Texas

Ready to increase capacity

X-FAB Texas

Expansions and capex – Other technologies

xfab

GaN

- expansion to establish GaN base capacity in Dresden completed

350nm CMOS

- continuous invest in automation for productivity improvements
- initially planned outsourcing to third parties halted due to business softening

0.6-micron CMOS on 150mm wafers

- no invest in CMOS technologies on 150mm wafers
- adjustment of X-FAB’s 150mm CMOS manufacturing footprint to demand will improve cost structure

Digital Transformation: Automation roadmap

Level 1:

Automated decision on material move

Level 2:

Automated equipment setup

Level 3:

Automated transport to equipment

Level 4:

Automated loading to equipment

- **Status**
  - all sites engaged in level 1 and 2
  - level 3 just started in Kuching and Dresden
  - ROI justification prior to the start of any new project

- **Benefits**
  - more capacity, improved quality and cost, less variability
  - synergies across sites
  - significant opportunities for assets utilization improvement

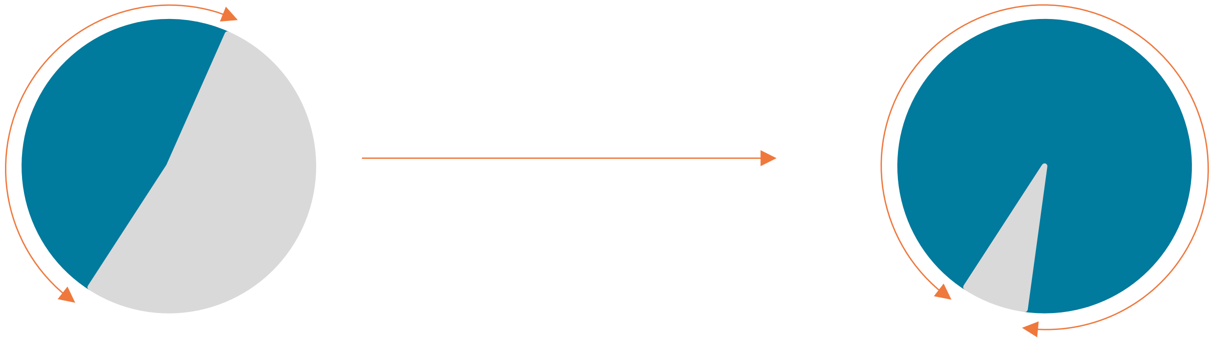
Financial model

Successful business transformation

Increased share of high-value add automotive, industrial and medical business

Pre-IPO
Q4 2016

Today
Q3 2024



48%
Core business

93%
Core business

Core business: automotive, industrial & medical

CCC: Consumer, Communications & Computer

Profitability set to increase

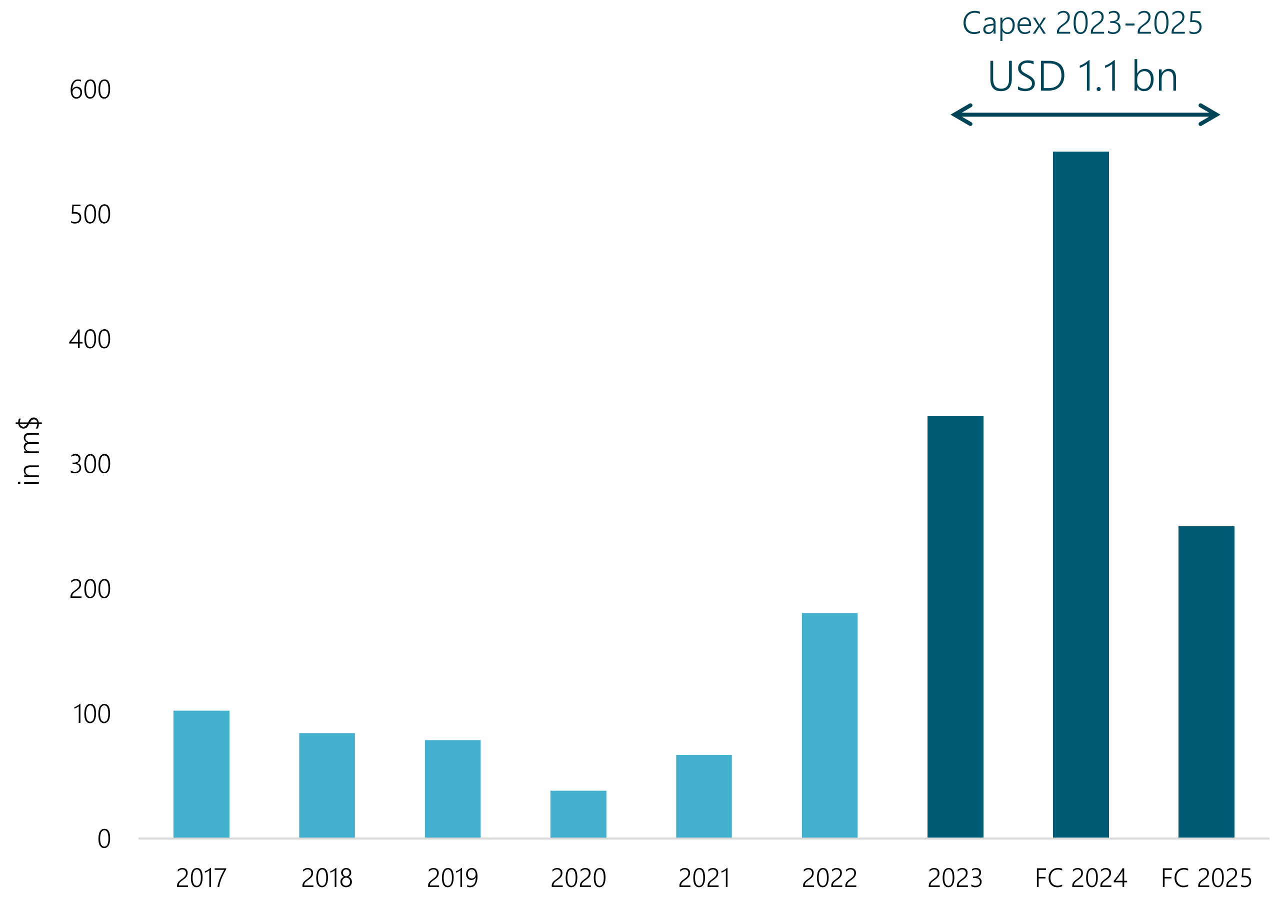
Key drivers for profitability improvement going forward

Top line growth	› strong 180nm CMOS design pipeline › recovery of SiC business › growth of Microsystems business › CCC business with higher profitability
Increasing share of high value-added business	› transition to more and more complex technologies
Increasing wafer output based on productivity improvements	› optimization and automation projects
Turnaround X-FAB France	› EBITDA breakeven reached in Q3 2024 › completed capex program will allow to double the site's revenue
Economies of scale	› cost advantages driven by increased production output in existing sites

Investing to support strong growth

xfab

Capex evolution*



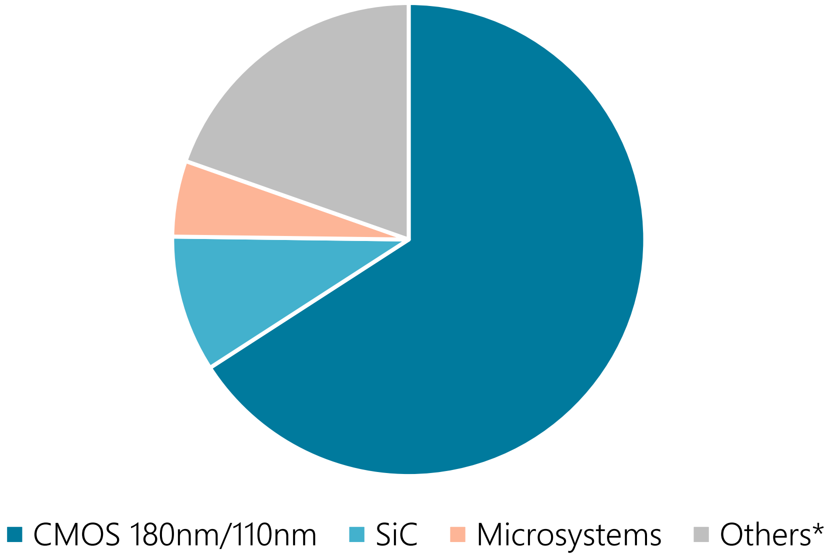
*total capex including maintenance capex

› Expansion projects will be completed in H1 2025
    - positive free cash flow in H2 2025

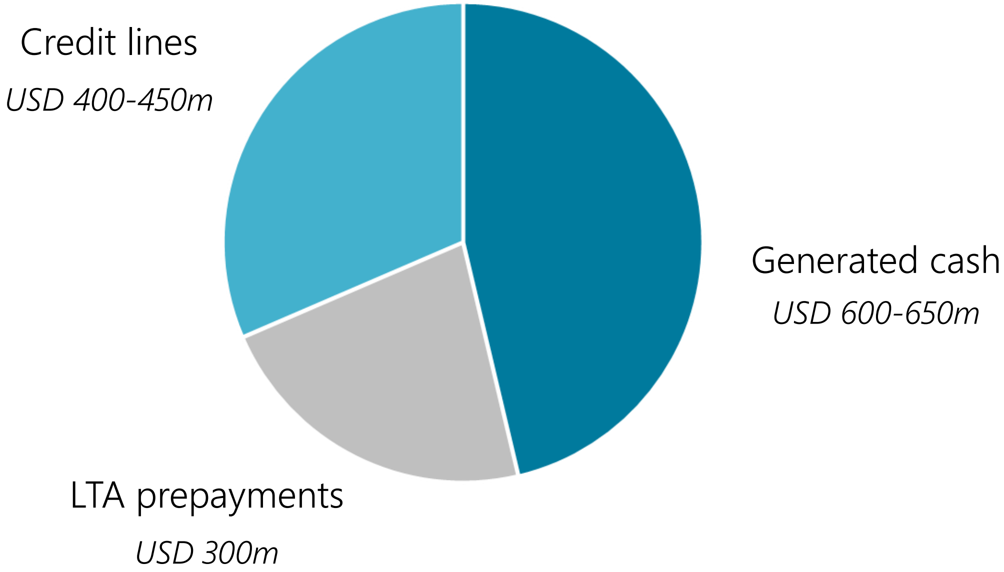
› Back to normalized capex level in 2026 and beyond:
    - capex ratio of 15%
        - thereof maintenance capex: 5%
        - thereof expansion capex 10%
    - leverage Chip Act fundings

Capex per technology and financing

Capex per technology
2023-2025



Financing structure
2023-2025



66% of X-FAB's capex program to support demand for 180nm/110nm CMOS technology

Financing of USD 1.1 bn capex in the period of 2023-2025 fully secured

*includes maintenance, automation, GaN

Financial targets

xfab

	Target 2026	Outlook FY 2030
Revenue	USD ~1.05 billion	USD ~1.5 billion
EBITDA margin	~30%	~35%
CAPEX	USD ~160 million 15% of revenue	USD ~225 million 15% of revenue
Free cash flow*	USD ~155 million	USD ~300 million

*EBITDA minus capex

Key take-aways

- Strong long-term growth drivers
  - "electrification of everything" to counter global warming
  - "smart medical applications" to better manage aging populations
- Capex essential to serve the strong 180nm CMOS pipeline
- Double-digit growth in all focus markets and technologies over the next three years
- Expansions on track with invest to be completed in H1 2025
  - positive free cash flow in H2 2025 and beyond

Thank you.

xfab.com