AIXTRON SE

Analyst Earnings Conference Call

Q4/2025 & FY/2025 Results

February 26th, 2026

Prepared Remarks

Executive Board

Dr. Felix Grawert, CEO & President

Dr. Christian Danninger, CFO

The spoken word applies

Slide 1 – Operator & Forward-Looking Statements

Operator

Ladies and gentlemen, welcome to AIXTRON's fourth quarter and full year 2025 results conference call. Please note that today's call is being recorded. Let me now hand you over to Mr. Christian Ludwig, Vice President Investor Relations & Corporate Communications at AIXTRON, for opening remarks and introductions.

Christian Ludwig

VP IR & CC

Thank you, [operator, *Name*]. A warm welcome to AIXTRON's 2025 results call. My name is Christian Ludwig, I am the Head of IR & CC at AIXTRON.

With me in the room today are our **CEO, Dr. Felix Grawert** and our **CFO, Dr. Christian Danninger** who will guide you through today's presentation and then take your questions.

This call is being recorded by AIXTRON and is considered copyright material. As such, it cannot be recorded or re-broadcast without permission. Your participation in this call implies your consent to this recording.

All documents referred to in the call can be accessed via our website in the investor relations section. Please take note of the disclaimer that you find on slide 1 of the presentation document, as it applies throughout the conference call.

This call is not being immediately presented via webcast or any other medium. However, we intend to place a transcript on our website at some point after the call.

I would now like to hand you over to our CEO for his opening remarks. Felix, the floor is yours.

Slide 2 – FY/2025 Highlights & Operational Performance

Dr. Felix Grawert, CEO

Thank you, Christian! Let me also welcome you all to our Full Year 2025 results presentation. I will start with an overview of the highlights of the year and then hand over to Christian for more details on our financial figures. Finally, I will give you an update on the development of our business and our new guidance.

Let me start by giving you an overview of the highlights of the year on **slide 2**.

The most important messages of the day from my point of view are:

- In 2025 we have performed well in a soft market environment by achieving revenue of EUR 557 million, a decline of (12)% yoy. That translates into a CAGR of more than 13% since 2020.
- We delivered on our adjusted 2025 revenue guidance - meeting the upper end of our guidance given in October 2025.
- Mainly due to the lower utilization in operations, one-off restructuring cost and G10 ramp-up adjustments our gross profit was down -15% yoy to EUR 222 million, EBIT was down slightly more with -24% at EUR 100 million as a result of this
- Similar to last year, we finished the year with a strong Q4 2025 performance: we achieved 31% EBIT-margin, a level comparable to last years' extraordinary

Q4. This marks a great achievement of our operations team, as we managed to realize all shipments that customers had asked us to deliver in Q4.

- The highlight of the operating performance is our **cash flow generation**: Operating cash flow increased by more than EUR 180 million to EUR 208 million. And our free cash flow increased by more than EUR 250 million to EUR 182 million. With that, we concluded the year 2025 at a cash level of 225 mio EUR, a good step towards rebuilding our strong cash position.
- Thus despite the weaker net profit we have decided to propose a stable dividend of EUR 0.15 per share to our shareholders.
- Our outlook for the year 2026 is based on an expected continued weaker market environment. We expect **revenues to** come in at **EUR 520 million in a range of plus/minus EUR 30 million,** with a **gross margin between 41% - 42%** and an **EBIT margin between 16% and 19%**.
- Breaking this down per segment, AI will be the key revenue driver in 2026, fueling strong growth in optoelectronics and lasers through rising demand for optical interconnects, while GaN power continues a steady upward trajectory across markets. In contrast, SiC power will face a weak year due to overcapacity and slowing EV momentum, with LED and Micro LED demand remaining broadly stable.

This concludes the short highlights section, I will now hand over to our CFO Christian Danninger. He will take you through the full year 2025 financials. Christian?

Slides 4-6 – FY/2025 Income Statement, Balance Sheet, Cash Flow Statement

Dr. Christian Danninger, CFO

Thanks, Felix, and hello to everyone.

Let me start with the highlights of our **revenue development** on **slide 4**.

As Felix mentioned, **revenues** in 2025 were down -12% to EUR 557 million. Our strategy of serving various uncorrelated end markets with our equipment proved again successful in 2025. We saw strong growth in the optoelectronics area. This compensated to some extent the weaker demand for equipment for LED and Micro LED as well as gallium nitride (GaN) power electronics. A breakdown per application shows that 57% of equipment revenues come from GaN & SiC power, 23% from Optoelectronics, 15% from LED, and a 5% contribution from R&D tools. The After Sales business contributed to total revenues with a growth of 1% to EUR 112 million. The After Sales share of revenues grew to 20% up from 17% a year ago.

Now let's take a closer look at the financial KPIs of the **income statement** on **slide 5.** Gross Margin decreased by 1ppt vs 2024 to 40%, which was primarily due to lower utilization in operations, G10 ramp-up adjustment expenses and one-off restructuring cost. Accordingly **Gross profit** was down by -15% yoy to EUR 222 million.

As we had planned, our spending on R&D in the year 2025 decreased to a total of EUR 81 million, due to a reduction in external contract work and lower consumables

costs. This helped to drive our **OPEX** down -7% to EUR 122 million. Combined with the lower Gross Profit, this resulted in an **EBIT of** EUR 100 million which is -24% lower yoy.

Net profit was down -20% year-on-year at EUR 85 million. This results in an effective tax rate of 15% in FY/2025.

A clear positive were our **Q4/2025 gross and EBIT margins at** 46% and 31% respectively. Despite the -18% lower **revenues** number at EUR 187 million, we were able to beat the very strong level of Q4/2024 on gross margin level and meet it on EBIT margin level.

Orders in the quarter came in at EUR 170 million - an uptick of 8% versus last years quarter. For the full year, order intake came in at EUR 544 million - slightly weaker than last year and thus our **backlog** at EUR 258 million is down by -11% yoy, due to the mentioned softness in demand.

Now to our balance sheet on **slide 6**

We ended the year 2025 with a **total cash** balance including other financial assets of EUR 225 million which was well above the EUR 65 million last year. There are a number of factors driving the increase.

Firstly, **Inventory** levels at the end of 2025 came down by about EUR 85 million to EUR 284 million compared to EUR 369 million at the end of 2024. This is the result

of our adjusted supply chain strategy and corresponding measures after initially front loading the supply chain in 2024 in expectation of stronger revenue growth. We target a further reduction of inventory levels through 2026.

Second, we have seen a solid **decrease in outstanding receivables** compared to last year end which generated some EUR 60 million in cash.

As a result of putting on the brakes in our supply chain early on, the **amount of payables have been stable during the course of the** year.

Advance payments received from customers on the other hand were significantly down yoy at EUR 44 million (2024: EUR 82 million) due to the decline in order intake combined with a shift in the regional customer base, and partially impacted by some key-date effects. At year end, down payments represented about 17% of order backlog.

As a consequence of all these factors, **operating cash flow** improved by more than EUR 180 million to EUR 208 million in the financial year 2025.

As mentioned already in previous calls, capex decreased significantly in 2025 due to no additional investment requirements for the **innovation center**.

As a result of the significantly lower capex, **free cash flow** improved by more than EUR 250 million yoy to EUR 182 million from EUR -72 million in 2024. We expect further solid free cash flow generation in 2026.

Lastly, we are proposing a stable **dividend** of EUR 0.15 per share. Despite our lower net earnings we want our shareholders to participate in the improved cash flow generation.

Going forward, following an intensive investment phase in the years 2023 and 2024 - capex alone for the innovation center was EUR 100 million - AIXTRON plans to use the cash flow in 2026 to further build a strong cash position.

Also I want to remind you that AIXTRON expressly **does not pursue a fixed dividend policy**, but rather adjusts the payout ratio to reflect the respective business performance and capital allocation priorities.

With that, let me hand you back over to Felix. Felix?

Slide 7 - 18 – Markets

Dr. Felix Grawert, CEO

Thank you, Christian.

I will continue by giving you a brief summary of the key market trends we saw last year before I move on to our **expectations for 2026.** I will start with our currently weakest segment, **the SiC Power business** before moving on towards the stronger segments step by step.

SiC

Throughout the past year, the global SiC market has undergone a significant transition. In Western markets, we are seeing a temporary slowdown driven by weaker electric-vehicle demand and substantial idle capacity at several customers. This has even resulted in reduced or scrapped 6-inch capacity in some cases. We expect the digestion period for SiC epi tools to continue throughout 2026 in Western markets.

China, by contrast, remained a strong pillar of demand in 2025 for AIXTRON, with solid order intake and robust shipments in the first half of the year. In the second half of 2025, also in China SiC demand has softened, and in 2026 we expect the digestion to continue also in China.

Despite this short-term softness, the mid-term outlook for SiC beyond 2026 remains highly attractive. Substrate prices have dropped significantly, making SiC devices far

more competitive versus silicon IGBTs and enabling broader adoption - both in EVs and across industrial applications.

Even more importantly, the technological transition is well underway. The industry is rapidly moving from 6-inch to 8-inch wafers, starting with Western customers, now also in China, with a full shift expected toward 2027 and 2028. At the same time, the introduction of super-junction SiC architectures, which require multiple thin epitaxial layers instead of a single thick layer, will significantly increase epi tool demand. Our batch-based G10-SiC platform is ideally positioned for this new operating model and has already achieved a major milestone with the shipment of our 100th system during 2025.

In 2026 we expect very soft demand and low shipments in SiC - contributing only about 10 percent to group revenue. This is the main reason, why we have guided 2026 revenues slightly down compared to 2025.

In the midterm, looking across the next 3-4 years, SiC nevertheless remains a cornerstone of AIXTRON's long-term growth, supported by powerful structural drivers in mobility, energy infrastructure, and increasingly, AI data-center power architectures.

GaN

Lets now turn to Gallium Nitride. Western markets have been slower in 2025 due to digestion of previously built capacity and ongoing qualification and design-in efforts. We had strong orders and shipments of GaN tools to China in 2025, where the GaN

buildout is gaining momentum. Utilization rates at established GaN customers were low at the beginning of 2025 and have been steadily recovering.

AIXTRON maintains a clear market leadership position with more than 85% market share across GaN device classes, and we remain deeply engaged with customers expanding their GaN roadmaps into the coming years. Importantly, GaN is emerging as a central technology for AI-driven power architectures, particularly as hyperscale data centers plan the transition to high-efficiency 800-volt platforms.

We expect additional volume for GaN from AI application at sometime in the 2027 and 2028 timeframe. The exact timing for when this happens is unknown, and we will keep you posted when signs of this are getting clearer.

In parallel, we are working with a small set of customers on 300-millimeter GaN. These customers have existing 300-millimeter silicon fabs which they desire to repurpose for GaN. Our 300-millimeter GaN tool is fully operational within our Innovation Center, and collaborations with imec and leading power semiconductor manufacturers are ongoing.

LED / Micro LED

After a period of muted investment, the market for red, orange and yellow LEDs – we call them ROY LEDs – is showing clear signs of recovery, driven primarily by developments in China.

This momentum from display makers who are pushing the boundaries of image quality. In fact, several major TV manufacturers are now transitioning to full RGB backlighting architectures, which further boosts demand for ROY LED epitaxy tools.

This trend underscores a broader shift: even traditional LED backlighting is being reinvented – establishing Mini LED as preliminary stage towards microLED. Enhanced local dimming, full-color backplanes, and ultra-high brightness panels are now becoming standard in premium consumer displays. These innovations are breathing new life into an application space that many considered mature.

At the same time, exploratory and qualification work of customers towards microLEDs continues with customers in Europe, US and Asia. The focus of this work has shifted from Watch and TV now strongly towards AR/VR glass applications. We expect this market is still some time out into the future until a larger revenue contribution. Given the fact, that one wafer can serve hundreds of AR glasses, the expected demand will be much, much smaller than what we would anticipate for TV applications.

For AIXTRON, ROY LEDs and microLEDs together translate into a solid revenue contribution of around 15% in 2025 and 2026.

Lasers

Now, lets finally come to our strongest segment in 2026, the lasers for datacom. The global Indium Phosphide (InP) laser market has entered a new phase of growth and from Q4/2025 onwards we have seen an even stronger momentum in this segment.

We have served this market for many years with our proven G3 and G4 platforms, historically for Telecom and Datacom application supporting the further adoption of high speed broadband communications and first cloud services with a market share we estimate well above 90%. The demand we see today is linked to a structural upcycle linked to AI datacenter build out and the deployment of data-hungry new generation of GPUs. And this structural shift creates the demand for InP-based lasers grown by MOCVD with a massive adoption of optical interconnects within the datacenter architectures. As bandwidth requirements move to 800G and later 1.6T, the laser content per datacenter is increasing multi-folds to enable the required bandwidth.

Our customers are subsequently not only ramping up their manufacturing but also rolling out new product generations with higher bandwidth that are also more integrated, like Photonic Integrated Circuits (PIC) in order to be always faster, more compact and more energy efficient. For the majority of our users, their roadmap now also includes a shift from 3- and 4-inch to 6-inch wafer size. That is a enormous step for a market that has been historically very conservative. It enables them to access the advanced manufacturing technologies for these new type of products.

Our G10-AsP product has rapidly established itself as the new “tool of record” for these next-generation of photonic devices, replacing customer legacy systems, producing higher yield and cheaper 150mm InP Epitaxial wafers. We are serving all of the top 10 suppliers to this market and demand is coming from all regions of the

world: from leading suppliers in the US, from the ones in Europe, but also from opto-electronics leaders in Japan, in Taiwan and in China.

Looking at demand dynamics, we expect the optoelectronics business to more than double yoy from 2025 into 2026 with demand tail continuing in 2027. With this, it makes up for a large part of the revenue decline in SiC, that I illustrated earlier.

Slide 19 - Guidance 2026

Finally, let me now present our **full year guidance for 2026** to you on slide 19.

We expect **revenues to come in at** EUR 520 million **in a range of plus/minus** EUR 30 million. At the mid point, this would be around 6-7% below 2025. We expect a 2026 **gross margin of 41% - 42%**, so at around last year's level, and an **EBIT margin between 16% and 19%**. The effects of a personnel measure we have initiated in the beginning of 2026 are included in this forecast.

On **Q1/2026**: As usual, sales in the first quarter of the financial year will be lower than the annual quarterly average. In Q1/2026 we expect **revenues of** EUR 65 million **in a range of plus/minus** EUR 10 million**.** This comparatively low figure is in line with expectations and the seasonal pattern of the business.

For completeness, we have adjusted our USD/EUR budget exchange rate, at which we record US Dollar denominated orders and backlog to 1.20 USD/EUR.

With this outlook, I'll pass it back to Christian.

Christian Ludwig

VP IR & CC

Thank you very much, Felix and Christian. Anna we would now be happy to take questions.