AIXTRON SE

Analyst Earnings Conference Call

Q1/2026 Results

30 April 2026

Prepared Remarks

Executive Board

Dr. Felix Grawert, CEO & President

Dr. Christian Danninger, CFO

The spoken word prevails

Operator & Forward-Looking Statements

Operator

Ladies and gentlemen, welcome to AIXTRON's Q1 2026 results conference call. Please note that today's call is being recorded. Let me now hand you over to Mr. Christian Ludwig, VP Investor Relations & Corporate Communications at AIXTRON, for opening remarks and introductions.

Christian Ludwig, *VP Investor Relations & Corporate Communications*

Thank you, [Operator *Name*]. A warm welcome to AIXTRON's Q1 2026 results call. My name is Christian Ludwig, I am the VP of Investor Relations & Corporate Communications 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.

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

Slide 2 – Q1 2026 Highlights

Dr. Felix Grawert, *Executive Board*

Thank you, Christian!

Let me also welcome you all to our Q1 2026 results presentation. I will start with an overview of the highlights of the quarter and then hand over to our CFO Christian for more details on our financial figures. Finally, I will give you an update on the development of our business and our guidance.

Let me start by giving you an update on the key business developments of the first quarter on **slide 2.**

The important messages for Q1 are:

- Strong new **orders** of EUR 171 million driven by optoelectronics
- Revenues of only EUR 59 million, due to seasonality but also limited demand for both power electronics segments. Nevertheless, this was expected as revenues came within our guidance range of **EUR 65 million** in a range of ± **EUR 10 million**.
- the gross margin came out at 18%, impacted by negative operating leverage due to low volume as well as a mid-single-digit EUR million one-off cost item related to our announced personnel reduction.
- Despite the weaker start into the year we confirm our new FY guidance released mid-April with revenues of **EUR 560 million ± EUR 30 million** (before: EUR 520 million ± EUR 30 million).

- We made progress on key operational and strategic topics. First we concluded the announced personnel reduction program. This strengthens our operational setup and supports sustainable profitability.
- Secondly, we announced a new greenfield site in Malaysia. With investments of approx. EUR 40 million in the next years, we will be ready for production by middle of 2027.
- Also, after the reporting date, we successfully placed our first convertible bond in April at very attractive terms, enhancing our financial flexibility.

Christian will now provide a detailed look into our Financials on the following pages before I take over with an update on our markets. Christian?

Slides 4-7 – Q1/2026 Income Statement, Balance Sheet, Cash Flow Statement

Dr. Christian Danninger, *Executive Board*

Thanks, Felix, and hello to everyone.

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

We had a weak quarter due to seasonal effects, with r**evenues** at EUR 59 million, down -47% compared to the EUR 113 million last year. But this was not unexpected as we are fully in-line with the quarterly guidance of **EUR 65 million** in a range of ± **EUR 10 million**. A breakdown per application shows that 52% equipment revenues come from Optoelectronics, 31% from LED/Micro LED and 17% from GaN & SiC power, and a 1% contribution from R&D tools. All the aforementioned percentage numbers are rounded. The After Sales business contributed to total revenues with EUR 24 million. As this business is much more stable, it only declined by -4% yoy thus its share of revenues increased to 40% up from 22% a year ago.

Now let's take a closer look at the financial KPIs of the **income statement** on **slide 5.**

I already talked about the revenue line. **Gross profit** in Q1/2026 was EUR 11 million. That implies that our **Gross Margin in Q1** decreased by -12pp vs Q1/25 to 18%. But please recall, this is mainly due to two factors: the negative operating leverage of the revenue decline yoy and the one-off expense of a mid-single-digit EUR million amount in connection with the announced personnel reduction in the operations area both burden gross profit.

OPEX in the quarter went up 7% to EUR 33 million, primarily driven by higher **R&D spending** compared to the previous year. The increase in R&D cost is mainly due to higher depreciation and higher material cost. For the full year we expect R&D cost to be about EUR 10 million higher than in 2025.

EBIT for the quarter was at EUR -22 million. The decline in the operating result (EBIT) compared to the previous year is mainly due to the lower gross profit as already discussed.

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

Working Capital was down by more than EUR 76 million since end of 2025. Several balance sheet items contributed here. After the strong revenue number in Q4 last year, we now collected the outstanding payments and turned **trade receivables** into cash. At the end of March, trade receivables were down to EUR 84 million, compared to EUR 131 million at the end of 2025.

Advance payments received from customers at quarter end were EUR 79 million, up about EUR 35 million from end of 25 primarily driven by the increase in order intake. Advance payments now represent about 22% of order backlog.

Inventory levels were at EUR 295 million, slightly up from the EUR 284 million at the end of fiscal 2025. **Trade payables** have stabilized at EUR 36 million - slightly up from EUR 34 million at the end of 25.

Adding it all up, our **Operating cash flow** improved in Q1 to EUR 54 million - up by more than EUR 18 million versus last years EUR 35 million.

On the back of the improvement in operating cash flow, **Free cash flow** also improved. It came in at EUR 49 million compared to EUR 30 million last year. Capex in Q1 was fairly stable yoy at around EUR 5 million. For the full year we expect about EUR 55 million of capex. This consists of our baseline investments plus about 2/3 of the announced EUR 40 million for the Malaysia expansion. At the same time, we have started the process of selling our site in Italy.

Our **cash balance including other current financial assets** as of March 31, 2026, increased accordingly to EUR 273 million compared to EUR 225 million at the end of December 2025. Our equity ratio continues to be at a very healthy level of 85%.

Convertible Bond

Subsequent to the reporting date, we successfully completed the issuance of our inaugural **convertible bond** in mid-April. We placed EUR 450 million with a five-year maturity and a zero-percent coupon. This transaction is accretive to earnings from day one, as the proceeds can currently be invested in low-risk money market instruments at yields of around 2%. We intend to use the proceeds for general corporate purposes, which may include investments into organic growth, potential M&A and also - when appropriate - share buybacks.

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

Slide 8 – Update on the Markets

Dr. Felix Grawert, *Executive Board*

Thank you, Christian.

I would like to continue on **slide 8** and give you an update on key trends in our different markets. I will start with optoelectronics, which clearly was the most dynamic and decisive market for AIXTRON in the first quarter, before briefly touching on GaN, SiC, and LED / Micro LED.

Optoelectronics – clear inflection point driven by Datacom demand

In optoelectronics, **Q1 marked a clear inflection point** for the company.
We saw **exceptionally strong order momentum**, with optoelectronics accounting for **well over two thirds of total order intake** during the quarter. This performance was driven primarily by **laser-related Datacom applications**, where customer demand exceeded our expectations.

The catalyst for this is a **fundamental shift** in the data communication architecture of AI data centers. Until now, data in these systems has largely been transmitted via copper cables and only sporadically via optical connections with comparatively low data rates—such as 100G. Now the industry is making a technological leap: In the future, **optical connections with the highest data rates**—namely 800G and, eventually, 1600G—will increasingly be used there.

This is not a gradual advancement, but a **genuine architectural shift**. And it is precisely this shift that is leading our customers in optoelectronics to massively expand their capacities. A huge number of additional wafer starts are required for this new type of connectivity and this, in turn, triggers significant investments in new and expanded manufacturing capacities.

Recent **multi-billion-dollar investments by NVIDIA and other ecosystem players** are accelerating capacity investments across the Datacom value chain. This, in turn, is enabling laser manufacturers to expand their epitaxy capabilities, directly benefiting AIXTRON.

Therefore, we expect this wave of investment to continue over several years, extending well into **2027 and beyond**. In a first step, copper connections in AI data centers will increasingly be replaced by fiber optics and slower optical connections get replaced by faster ones — the so-called **"scale-up."** In the next step, the industry plans to significantly increase the number of connections within these data centers once again to enable even more powerful and intelligent AI systems — the so called **"scale-out"**. And finally, data traffic between data centers will also increase sharply — the so called **"scale across"**. This, too, will require additional optical connections— and thus more lasers.

At product level, our **G10-AsP platform** continues to see **very strong market acceptance** and represented the **majority of volume orders received in Q1**. Customers are ramping aggressively to support the growing demand for **EML and PIC-based lasers** used in **AI-driven datacenter infrastructure**.

From a technology perspective, most systems ordered today are initially configured for **4-inch wafers**, but are already **equipped with 6-inch conversion kits**. This enables customers to transition rapidly as soon as larger wafers become available.
Datacom lasers are a **performance-driven application**, where yield is absolutely critical. These devices require multiple epitaxial growth steps, meaning that even marginal improvements at wafer level can have a significant, multiplied impact on final line yields.

This is where we clearly differentiate. Our systems control **uniformity at wafer level rather than batch level**, enabling consistently superior results layer by layer – a key reason why customers increasingly standardize on our tools for advanced photonic devices.

Overall, with many multi-tool orders extending **beyond 2026**, we are confident that we are seeing the beginning of a **new structural growth phase** in optoelectronics.

GaN – stable demand at low levels, strong strategic positioning

Turning to **GaN**, demand remained **stable but soft** in the first quarter, contributing **just under 10% of total order intake**.

While near-term growth remains limited, we see customer utilization gradually improving, and we expect demand to pick up again at some point. This may be **later in the year or in the first half of next year**, as fab utilization increases.

Strategically, AIXTRON remains **extremely well positioned** across **150 mm and 200 mm**, and increasingly also **300 mm GaN**, with systems installed at multiple customers.

SiC – short-term softness, strong long-term fundamentals

In **SiC**, market conditions remained soft in Q1, reflecting ongoing **underutilization** across the industry.

Customer utilization rates, however, are **gradually improving.** When exactly the increasing utilization converts into additional volume demand is too early to predict as of now.

Importantly, early industry data confirms that **AIXTRON tools remained the number-one choice in SiC epitaxy during 2025**, even in a difficult market environment. This once again underlines that, during periods of underutilization, customers prioritize tools with the **lowest cost of ownership**.

Looking ahead, new device architectures such as **super-junction SiC** are expected to significantly increase epitaxial complexity and layer counts – a trend that clearly plays to the strengths of our **batch reactor technology**.

LED & Micro LED

Finally, **LED and Micro LED applications** had **no material impact on order intake in Q1**. Investment activity remains cyclical and at low levels, with spending largely driven by Chinese end users, primarily focused on **AR and smart-glasses applications**. Several customers are also working on devices for **Datacom short-link applications**, and we may see incremental orders later in the year or in **2027**, depending on the success of this new technology.

N**ew plant in Malaysia**

During the quarter, we also took an important strategic step to further strengthen AIXTRON's global footprint by deciding to establish a **new manufacturing facility in Malaysia.** The site in the Penang region will focus on assembly and testing of selected 100, 150 and 200 millimeter systems for our Asian customers and will allow us to leverage a **highly developed local semiconductor ecosystem**. This investment of around EUR 40 million, with start of operations planned for 2027, enhances our competitiveness, improves supply chain resilience and brings us closer to our customers in Asia – while fully maintaining our strong R&D and production base in Europe. Importantly, this move has no impact on our financial guidance for 2026.

Slide 21 – Guidance

With that, let me now move to our **guidance**. We confirm **our increased guidance for 2026** as published mid April:

We expect **revenues** to come in at **EUR 560 million in a range of ± EUR 30 million** (before: EUR 520 million ± EUR 30 million). At the mid-point, this is an 8% increase to our previous guidance. We expect a **gross margin of about 42%** (before: 41% - 42%), and an **EBIT margin between 17% and 20%** (before: 16% - 19%).

The guidance for the gross margin and EBIT margin includes one-off expenses of a mid-single-digit EUR million amount in relation to the announced personnel reduction in the operations area. The measure will lead to annualized savings of a similar magnitude in future.

For **Q2/2026** we expect revenues of **EUR 110 million** in a range of ± **EUR 10 million**.

Again, as stated before, the implications of the geostrategic turmoil are unclear. We continue to closely monitor the developments worldwide, in the Middle East, and particularly in connection with the conflict in Iran. Potential impacts on energy prices, supply chains, financial markets, as well as investment and demand behavior are continuously analyzed. If necessary, we will respond appropriately to risks that could negatively affect our business performance.

With that, I'll pass it back to Christian before we take questions.

Christian Ludwig

Investor Relations

Thank you very much, Felix and Christian. Operator, we will now take questions, please.