AIXTRON SE

Analyst Earnings Conference Call

Q2/2026 Results

30 July 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 Q2 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 Q2 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 – Q2 2026 Highlights

Dr. Felix Grawert, *Executive Board*

Thank you, Christian!

Let me also welcome you all to our Q2 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 second quarter 2026 on **slide 2.**

The important messages for Q2 are:

- We have received strong **new orders** of EUR 215 million, predominantly driven by optoelectronics
- **Revenues came out at EUR 115 million** in line with our guidance for the quarter, reflecting the ongoing ramp of the photonics business, and coming out of the "trough" in power electronics in Q1.
- We also generated very **strong cash flow**: operating cash flow reached EUR 119 million in Q2 and free cash flow came in at EUR 114 million. This was primarily driven by higher customer advance payments, reflecting the strong order momentum and supporting the upcoming production ramp.
- Despite the soft start into the year, we are fully on track to achieve the full-year guidance with revenues of **EUR 560 million ± EUR 30 million:**
    - We had a soft Q1 with revenues of only EUR 59 million
    - We achieved EUR 115 million revenues in Q2
    - We plan to further increase output in Q3 to EUR 180 million ± EUR 20 million
    - And we target a very strong Q4 with a further increase in output, beyond the level of Q3.
- As you can see, we are ramping up our production with a steep ramp rate and significant increase of output in every quarter of this year to serve the growing demand in optoelectronics.

- Finally, **construction of our new site in Malaysia** has started and is fully on track and first groundworks are ongoing.

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

Slides 4-6 – Q2/2026 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**.

Q2 **Revenues** marked the next step in our planned production ramp, increasing to EUR 115 million from EUR 59 million in Q1. This was fully in line with our quarterly guidance of **EUR 110 ± EUR 10 million.** Compared with the prior-year quarter, revenues were -16% lower. For the first half, revenues amounted to EUR 174 million. The revenue mix already shows the growing importance of optoelectronics: 54% of equipment revenues came from opto, 23% from LED and Micro LED, 22% from GaN and SiC power, and 2% from R&D tools. Our After Sales business contributed EUR 52 million and remained stable in absolute terms yoy. As a result, its share of Group revenues increased to 30%, from 21% a year ago.

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

Gross Profit in Q2 was EUR 47 million, corresponding to a gross margin of 41% - unchanged from Q2 last year. This demonstrates a solid margin performance as volumes began to recover. For the first half, gross profit was EUR 58 million and gross margin was 33%, -3pp below the prior-year period. The H1 margin reflects the lower production volume, particularly in Q1, as well as a mid-single-digit euro million one-off expense related to the personnel reduction in operations.

Operating expenses in Q2 were stable yoy at EUR 32 million. Higher **R&D spending** was offset mainly by increased R&D grants and significantly lower FX losses. The rise in R&D expenses primarily reflects higher depreciation and material costs as we continue to invest in our technology roadmap. For the first six months, operating expenses were EUR 65 million, up 3% yoy.

EBIT in Q2 was EUR 15 million, equivalent to an EBIT margin of 13%. This represents a clear turnaround from Q1 and reflects the higher revenue level and improved operating leverage. For the first half, EBIT was negative EUR -8 million, corresponding to an EBIT margin of negative -4%., mainly due to low Q1 volume and the one-off expense already mentioned.

Let me now turn to the key balance sheet and cash flow indicators on **slide 6.**

Working Capital decreased by EUR -184 million compared with the end of 2025. This was driven primarily by strong customer advance payments and the conversion of receivables from last years's fourth-quarter revenues into cash. Trade receivables declined to EUR 81 million, at the end of June, from EUR 131 million at year-end.

Strong order momentum resulted in a substantial **increase in customer advance payments.** The composition of current orders and individually agreed payment terms also provided a modest additional benefit. At end of June, advance payments stood at EUR 197 million, more than EUR 150 million above year-end 2025. They represented around 43% of the equipment order backlog and provide meaningful funding for the upcoming production ramp.

At the same time, **Inventories** increased to EUR 318 million, from EUR 284 million at the year-end, mainly reflecting higher work in progress for shipments scheduled in the coming quarters. **Trade payables** rose to EUR 49 million, from EUR 34 million, as purchasing activity increased to support the ramp. Both developments are consistent with the planned increase in output in the second half.

Overall, operating cash flow reached EUR 173 million in the first half, an increase of almost EUR 90 million from EUR 85 million in the prior-year period. In Q2 alone, operating cash flow was EUR 119 million. The key driver was the strong increase in customer advance payments, which supports the financing of the production ramp.

Free cash flow was correspondingly strong at EUR 162 million in the first half, compared with EUR 71 million a year ago. In Q2 alone, free cash flow amounted to EUR 114 million. Capital expenditure in the first half was close to EUR 11 million. For the full year, we expect capex of around EUR 55 million, comprising our baseline investments and approx. two-thirds of the announced EUR 40 million investment in the Malaysia expansion. The process to sell our site in Italy is ongoing.

Our liquidity, comprising cash, cash equivalents and other current financial assets, increased to EUR 816 million as of June 30, 2026. After deducting the liability component of the convertible bond, **Net Financial Assets** amounted to EUR 467 million, compared with EUR 225 million at the end of 2025. Our equity ratio remained strong at 61%, despite the increase in total assets following the bond issue.

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

Slide 7 – Update on the Markets

Dr. Felix Grawert, *Executive Board*

Thank you, Christian.

I would like to continue with an update on key trends in our different markets. Overall, the picture in Q2 was very much in line with what we described at the end of Q1: optoelectronics remains highly dynamic and is currently the clear growth driver for AIXTRON, while the power electronics and LED / Micro LED markets remain in different phases of recovery. I will start with optoelectronics, which was clearly the most dynamic and decisive market for AIXTRON in the second quarter, before briefly touching on GaN, SiC, and LED / Micro LED.

Optoelectronics – continued strong demand

Momentum remained exceptionally strong in the second quarter. After the clear inflection point we saw in Q1, the market continued to accelerate in Q2, driven by strong demand from AI data center applications. In Q2 alone, optoelectronics accounted for about **75% of new equipment orders**, making it by far the most important contributor to our order intake. **Based on our current visibility, we expect order momentum in optoelectronics to remain at a very high level in the second half of the year.**

The key driver remains the ongoing architectural shift in AI data centers: from copper-based connections and lower-speed optical links towards high-speed optical connectivity at 800G and, eventually, 1.6T and beyond. This transition requires a significant increase in the number and performance of optical links - and therefore in the number of advanced lasers needed.

In the near term, demand continues to be driven by **InP-based EMLs** [Electro-Absorption Modulated Lasers] and **CW lasers** [Continuous-Wave Laser] for data center applications. At the same time, customers are already working on **photonic**

integrated circuits, or PICs, as the next step in the technology roadmap. Importantly, the current investment wave is no longer limited to a few large players. We now see leading laser suppliers worldwide committing to capacity expansions, and the trend is also extending to smaller laser manufacturers.

Based on the current pipeline and customer discussions, we expect this investment wave to remain at very high levels over the coming quarters. This gives us strong visibility and supports our confidence in sustained momentum in optoelectronics well into 2027.

As discussed previously, our **G10-AsP platform** is benefiting strongly from this trend. Customers are increasingly standardizing on this AIXTRON platform for advanced photonic devices. The reason is that yield, uniformity and cost of ownership are critical in this application. Many systems are initially configured for 4-inch wafers but are already prepared for a transition to 6-inch, giving customers flexibility as the technology and supply chain evolve.

Let me keep it short on SiC and GaN power electronics today as there is not much new compared to the last quarter:

In SiC, the installed base of equipment at customers remains underutilized, and customers remain cautious about new capacity investments. At the same time, the underlying demand for SiC chips continues to grow, and we are seeing utilization rates gradually increase at our key customers. When this leads to new tool orders is difficult to predict at the current point in time.

Also in GaN, demand for power equipment remains moderate. Also here, customer utilization is gradually increasing. However, it remains too early to determine when this will translate into additional equipment demand. Strategically, our conviction around GaN remains unchanged. Recent announcements and discussions around Computex and PCIM have reinforced our view that GaN has a strong opportunity to win designs in AI data centers, particularly for **800-volt DC-DC conversion**. Over time, we also see potential for GaN to move beyond the 48-volt level and into lower-voltage point-of-load applications. In such architectures, GaN could replace multiple stages of silicon MOSFET-based power conversion, enabling more compact and efficient power delivery for AI infrastructure. AIXTRON remains very well positioned in GaN, yet we have not yet seen signals for the inflection point for significant new order momentum.

Finally, a brief comment on **LED and Micro LED**.
LED and Micro LED demand remained soft in the second quarter. We shipped systems for ROY Mini LED in previous quarters, and these systems are currently being installed and ramped up. However, the broader investment environment for Mini LEDs remains limited for now. For Micro LED, most of the demand we see today is driven by AR glasses. We continue to believe in the long-term potential of this technology. We see more and more focus of end customers on innovative products, such as the AI glasses of Meta/Ray-Ban, which may at some point generate stronger customer pull. The exact timing for such order uptick remains unclear as of today but it may materialize as early as 2027.

Slide 11 – Malaysia

Let me move to our footprint expansion. Our new site in Malaysia is set to become an important element of our global footprint and represents a key step in strengthening our manufacturing base. With the new facility in Penang, we are expanding our presence in one of the world's leading semiconductor ecosystems. The project is running fully as planned and groundworks have already started.

Slide 12 – Guidance

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

We expect **revenues** to come in at **EUR 560 million in a range of ± EUR 30 million**. We expect a **gross margin of about 42%**, and an **EBIT margin between 17% and 20%**.

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

For **Q3/2026,** we expect revenues of **EUR 180 million** in a range of ± **EUR 20 million**. For **Q4/2026** we then target a further increase in output, corresponding to the steep quarter-over-quarter ramp that characterizes our fiscal year 2026.

We continue to monitor geopolitical developments closely, particularly in the Middle East. This includes potential impacts on energy prices, supply chains, financial markets and investment or demand behavior. At present, we do not see a significant impact on our business, but we will respond appropriately if the situation changes.

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.