

AIXTRON SE

Analyst Earnings Conference Call Q3/2026 Results

29 October 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 Q3 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 Q3 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 – Q3 2026 Highlights

Dr. Felix Grawert, *Executive Board*

Thank you, Christian.

Let me also welcome you all to our Q3 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 third quarter of 2026 on **slide 2**.

The important messages for Q3 are:

- We have received strong **new orders** of EUR 275 million, more than double the prior year level and 40% above Q2, predominantly driven by optoelectronics, and increasingly also power electronics
- **Revenues came out at EUR 184 million** within our guidance of EUR 180 million **± EUR 20 million** for the quarter, reflecting the ongoing ramp-up of the photonics business
- We also continue to generate **strong cash flow**: operating cash flow reached EUR 138 million in Q3 and free cash flow came in at EUR 128 million. This was primarily driven by higher customer advance payments, reflecting the strong order momentum and supporting the upcoming production ramp.
- We are fully on track to achieve the full-year guidance with revenues of **EUR 560 million ± EUR 30 million** as we target a very strong Q4 with a further increase in output, beyond the level of Q3.
- Finally, **construction of our new site in Malaysia** continues and is fully on track.

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 – Q3/2026 Revenue Development, Income Statement, Balance Sheet and Cash Flow Statement

Dr. Christian Danninger, *Executive Board*

Thanks, Felix, and hello, everyone.

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

Q3 revenues marked the next step in our production ramp, increasing to EUR 184 million from EUR 59 million in Q1 and EUR 115 million in Q2. This was within our quarterly guidance of **EUR 180 ± EUR 20 million** and 54% above the prior-year quarter. For the first nine months, revenues amounted to EUR 358 million, -3% below the prior-year period. Optoelectronics accounted for 61% of equipment revenues, GaN and SiC power electronics for 19% and LED and Micro LED for 18%. After Sales contributed EUR 88 million, up 10% year-on-year, and represented 25% of Group revenues compared with 22% a year ago.

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

Gross Profit in Q3 increased by 88% year-on-year to EUR 87 million. The increase reflected both the higher revenue volume and a favorable product and regional mix. The gross margin improved to 48% from 39% in the prior-year quarter, primarily due to the favorable product and regional mix. We do not consider the Q3 margin level to be representative of Q4 and have therefore maintained our full-year gross margin outlook. For the first nine months, gross profit amounted to EUR 145 million and the gross margin was 40%, 3pp above the prior-year period. The nine-month result also includes a mid-single-digit EUR million one-off expense related to the personnel reduction implemented in operations in Q1.

Operating expenses in Q3 were broadly stable year-on-year at EUR 31 million. For the first nine months, operating expenses amounted to EUR 96 million, up 2% year-on-year, mainly reflecting a 17% increase in research and development expenses.

EBIT in Q3 increased to EUR 57 million from EUR 15 million in the prior-year quarter, benefiting from the higher gross margin and operating leverage from the higher revenue volume. The EBIT margin improved to 31% from 13% accordingly. For the first nine months, EBIT amounted to EUR 49 million, corresponding to an EBIT margin of 14%, 3pp above the prior-year period.

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

Working Capital decreased by EUR -254 million compared with year-end 2025, primarily due to higher customer advance payments and the collection of receivables related to last year's fourth-quarter revenues. **Trade receivables** declined to EUR 110 million at the end of September from EUR 131 million at year-end.

Customer advance payments increased substantially, reflecting the high order intake, the composition of current orders and individually agreed payment terms. At the end of September, advance payments stood at EUR 309 million, compared with EUR 44 million at year-end 2025.

Inventories increased to EUR 323 million from EUR 284 million at year-end, mainly reflecting higher work in progress for shipments scheduled in the coming quarters. Trade payables rose to EUR 41 million from EUR 34 million as purchasing activity increased to support the ramp. Both developments are consistent with the planned increase in output.

Operating cash flow reached EUR 311 million in the first nine months, compared with EUR 128 million in the prior-year period. In Q3 alone, operating cash flow amounted to EUR 138 million. The main driver was the increase in customer advance payments.

Free cash flow amounted to EUR 290 million in the first nine months, compared with EUR 110 million a year ago. In Q3, free cash flow was EUR 128 million. Capital expenditure amounted to approximately EUR 22 million in the first nine months.

For the full year, we now expect capital expenditures of around EUR 40 million. This includes baseline investments and approximately one-third of the announced EUR 40 million investment in the Malaysia expansion, with the remainder shifting to next year due to timing.

Liquidity, comprising cash, cash equivalents and other current financial assets, increased to EUR 945 million as of September 30, 2026. After deducting the liability component of the convertible bond, **net financial assets** amounted to EUR 591 million, compared with EUR 225 million at year-end 2025. The equity ratio was 58%, primarily reflecting 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 the key trends across our end markets.

Overall, optoelectronics remained exceptionally strong in the third quarter. In power electronics, customer utilization continues to improve, order activity is gradually returning and customers are preparing new capacity. These developments provide increasing evidence of a beginning recovery in GaN and SiC.

Let me start with Optoelectronics, which was once again the most dynamic and the most important market for our business during the quarter, before briefly discussing GaN, SiC, and LED/Micro LED.

Optoelectronics remained our largest business and accounted for approximately 68% of equipment order intake in the third quarter. Equipment for InP-based optical applications represents the majority of our order backlog, which provides revenue visibility well into 2027.

The structural demand driver remains unchanged: the rapid expansion of AI and data-center infrastructure continues to fuel demand for lasers used in high-speed optical interconnects. Underlying device demand forecasts have increased materially year-over-year. For example, in its May 2026 report, LightCounting increased its 2030 demand forecast for 800G-and-above transceivers, as well as LPO and CPO ports, from approximately 198 million units to 279 million units annually, representing an increase of around 40%. This corresponds to the customer demand which is well ahead of the initial estimates that we made earlier this year.

In particular, we see several acceleration factors supporting demand in the near to medium term.

The first factor is the rapid AI infrastructure build-out. Communications laser architectures are becoming increasingly sophisticated, high bandwidth requires higher laser power and that requires larger areas, which means more wafers. In many cases, this also requires more complex device structures and as a result additional epitaxial steps. This increases the demand for advanced, high-performance MOCVD deposition capabilities and which means more tools.

It is also important to point out that we see demand from a broadening base of customers worldwide. The first large orders initially came from the US and Europe. We are now also seeing broad strong demand from Asia. This includes Japan, Taiwan, Singapore and China.

Finally, we see the industry's transition from 100 mm to 150 mm wafers taking much longer than initially expected. The vast majority of orders today is on 100 mm wafer diameter, even on 75 mm wafers, driven by limited substrate supply of 150 mm wafers. Based on this, we expect the migration to 150 mm manufacturing to take longer than previously anticipated. As a result, customers are likely to remain on 75 mm and 100 mm production platforms for longer, which increases tool demand.

Taken together, these structural growth drivers and near-term acceleration factors give us increasing confidence that Datacom lasers will remain one of the most attractive and fastest-growing end markets for our industry over the coming two years.

With this, let me move to power electronics, starting with GaN.

Gallium Nitride

In gallium nitride, utilization rates are back to normal and first customer start planning expansions and new tool purchases. We expect this trend to continue through 2027.

The main driver for the increased demand now comes from the power conversion in AI datacenters: with the 800V HVDC architecture, NVIDIA has created a new power standard together with its partners. In this standard, the majority of down-conversion steps from 800V to the supply of GPUs and CPUs is made with GaN power devices. Here, we look at medium voltage to low voltage devices in voltages such as 200V, 100V, 40V and 20V. In AI data centers, the overall opportunity extends beyond traditional power supplies. GaN is being considered for intermediate bus converters, battery backup units and auxiliary power supplies. The focus is on improving power efficiency in the datacenter infrastructure. This shifts the focus of new capacity investments in Power GaN towards the ICT infrastructure at lower voltage classes, in contrast to the early GaN investments of the 2021-2023 cycle, which focused on 650V consumer devices such as fast chargers. These broad market applications of Power GaN remain an important pillar, but are not the main focus of the recent activity that we currently see.

We currently see the co-existence of 200 mm and 300 mm wafer sizes confirmed that we had projected earlier: customers with a large 200 mm power silicon fab capacity stay on 200 mm, while customers with existing 300 mm fabs focus on 300 mm for the new investments. We are discussing volume orders for both wafer sizes with customers.

Silicon Carbide

Demand for Silicon Carbide has been soft throughout the year, yet customer utilization rates have been continuously improving, and now the first new tool orders have been coming in.

Also, selected SiC substrate vendors have mentioned capacity constraints for SiC substrates, and we see the growing volumes in our after sales business.

Where does this comes from?

Our customers tell us that Electric vehicles remain the primary demand driver for SiC power devices (60%) for the time being. The shift to 800V platforms in EVs and

adoption beyond traction inverters significantly increases the SiC content per vehicle. A main driver of this is the sharp reduction in substrate prices. Overall, the number of produced units is increasing.

At the same time, industrial applications, grid infrastructure and AI data centers expand the SiC application space beyond automotive. In AI data centers, a big part of the conversion from the high voltage of the power grid to the 800V intermediate voltage is done with SiC devices. Here, a new class of very high voltage devices at 2kV, 3 kV and even higher voltages is in the making. Also in the grid itself, a new class of devices is emerging: with an increasing affordability of SiC power devices, solid state transformers (SSTs) have emerged as an alternative to traditional transformers. We closely work with customers on these applications. According to multiple customers, our planetary G10-SiC system delivers outstanding results in this new class of thick epi layers.

This makes us now more optimistic on a gradual recovery of SiC throughout 2027.

LED/Micro LED

In Micro LED, demand remains soft, and the market has not yet reached broad volume deployment.

However, we are seeing an increasing level of activity in the industry. These developments are taking place in two areas in particular: augmented-reality applications and optical interconnects for AI datacenters.

We do not expect this market to become a major volume contributor in the immediate term. Nevertheless, the increasing level of activity is encouraging and could seed future demand for MOCVD systems in the coming years.

Slide 12 – Malaysia

Let me continue with our footprint expansion. Our new site in Malaysia will become an important element of our global manufacturing footprint and

strengthen our manufacturing flexibility, supply-chain and long-term cost competitiveness. The project remains fully on track: the ground work and piling have been completed, we have almost finished the ground floor and expect to be able to use the building from fall 2027 onwards.

Slide 13 – Guidance

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

We expect full-year **revenues of EUR 560 million within a range of $\pm$ EUR 30 million**. We expect a **gross margin of about 42%** and an **EBIT margin between 17% and 20%**.

The gross margin and EBIT margin guidance includes one-off expenses in the mid-single-digit EUR million range related to the personnel reduction in operations.

Let me also add a few words on our expectations for **next year**. Based on the current sales pipeline, AIXTRON expects to maintain or further grow the current strong level of order intake over the coming quarters, supported by demand for optoelectronics and increasingly by growing momentum in power electronics. This lets us take a very positive look on the prospects of 2027.

As always, we will give you formal guidance when we release our FY 2026 results on March 4, 2027.

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.