



## **Soitec - Update to current financial outlook:**

- **Anticipated operating loss of around 3% of sales in current year**
- **Conservative scenario for the financial year 2008-2009**

*Bernin, France, 28th February 2008* – Soitec, the leading SOI (Silicon on Insulator) material company updates the current financial outlook for the short and medium term.

Faced with continuing volatile market demand and a negative economic climate, Soitec considers that it is appropriate to adopt a conservative view for the next financial year. The Company believes that its technology leadership, industrial maturity and healthy financial resources provide a very strong foundation for total confidence in its ability successfully to maintain its longer-term progress.

### **Anticipated results for the financial year to 31 March 2007-2008**

Current trading indicates that sales for Q4 are likely to be down sequentially by about 20% (in the period the Dollar has weakened by 2.5%), which gives level sales sequentially at constant exchange for the second half of the year. Actual demand from the Company's two main customers that is covered by the contractual minimum quantities is running behind schedule by around 14% and total sales for the full year are likely to be of the order of 296 million Euros. The absence of improved sales activity in the second half combined with the continuing weakening of the Dollar of around 7% sequentially, is now expected to result in an operating loss for the full year of around 3% of total sales including a one off, non cash charge that results from this slow down in activity.

### **Adoption of a conservative scenario for the financial year 2008-2009**

Current indications are for unchanged activity over the first half of the next financial year. In so far as any rebound in demand depends upon lifting the uncertainty concerning the ramp up and success of new product launches into key markets, the Company has decided to adopt a flat sales plan scenario, at constant exchange, for the full financial year 2008-2009. Improved manufacturing efficiencies including cost reductions should result in better operating earnings performance, despite this scenario of flat sales on a like for like basis i.e. before the cost impact associated with the Singapore fab, estimated to be of the order of 30 million US Dollars for the year. Customers should be receiving samples for qualification from the Pasir Ris fab by September 2008, however no further capacity will be installed before demand has been clearly confirmed.

## **Strategic initiatives and improvement actions**

A critical first objective is to reduce significantly the raw material element of the cost of an SOI wafer as it currently represents at least half of the total production cost. The Company states that strategic investments have been made as part of the existing investment in Singapore enabling the implementation of new processes dedicated to improving the efficient reuse of purchased silicon thus reducing significantly the effective material cost element of the production process.

Strong hands on management control through the launch of a programme dedicated to operational excellence should provide overall cost reductions and continuous improvement of operational efficiencies.

Furthermore Research & Development priorities will continue to be focused on programmes such as dynamic memories that no longer require capacitors, new transistor generations, LEDs for lighting applications and developments aligned with opportunities identified by the SOI industry Consortium.

## **Medium to longer term outlook**

Looking beyond the current economic climate, the significant advantages of higher performance, lower power consumption and reduction in the size of integrated circuits provide powerful financial incentives to an industry conditioned by the need for never ending miniaturisation of semiconductor components. The Company remains confident that this convergence of interest will lead to industry wide adoption and eventual standardisation of its material from 2009 onwards requiring additional capacity that justifies the need for the Singapore fab. The strategy to widen demand and broaden existing and new customer adoption, in particular amongst the foundries remains unchanged.

The Company has a very strong financial structure with significant cash resources that ensure its ability to ride the current issues and finance its development.

André-Jacques Auberton-Hervé, Chairman, Chief Executive Officer and co founder stated “ We are traversing a period of high volatility in demand under the present circumstances, but we hold a number of aces in our hands and our technology is best suited to consumer demand for green and high autonomy electronic devices. With the support of all employees and the confidence of our current and future customers, I am totally committed to ensuring the adoption of SOI into broader markets and to delivering sustainable growth for shareholders.”

## **Agenda**

Fourth-quarter sales for the financial year 2007-2008 will be published on 14th April 2008 after the closure of the Paris Bourse.

## About Soitec:

Soitec is the world's leading supplier of engineered substrates for advanced microelectronics. The Group produces a wide range of advanced materials, especially silicon-on-insulator (SOI) wafers based on its Smart Cut™ technology—the first high-volume application for this proprietary technology. SOI is currently seen as the platform of the future, paving the way to higher-performance, faster, and more economical chips.

Soitec currently produces over 80% of SOI wafers. Headquartered at Bernin in France, with two high-volume production units on site, Soitec also has offices in the US, Japan, and Taiwan, and a new production site is in the process of customers qualification in Singapore.

The Group has two other divisions: Picogiga International at Les Ulis in Paris and Tracit Technologies in Bernin. Picogiga is specialized in the development and manufacture of engineered substrates, from group III-V epitaxial semiconductor wafers and gallium nitride (GaN) wafers to composite substrates for the manufacture of high-frequency electronics and optoelectronic devices. Tracit is specialized in thin-film layer transfer technologies, used to manufacture engineered substrates for power ICs and microsystems, as well as generic circuit transfer technology for applications such as image sensors and 3D integration. Shares for the Soitec Group are listed on Euronext Paris. More information is available at [www.soitec.com](http://www.soitec.com)

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