



Soitec announces full year results for 2008-2009

- **Current Operating Loss of 28.4 million Euros, -13.3% of sales**
- **Non cash charge of 13.3 million Euros for impairment of intangible asset**
- **Positive operating cash flow of 31,3 million Euros and cash of 167 million Euros unchanged from end September 2008**

Bernin, France, 13th May 2009 – Soitec, the SOI (Silicon-on-insulator) leader, today announced consolidated results for the financial year ending 31st March 2009. Sales for the year of 213.9 million Euros were down by 28.3% in Euros reflecting lower demand and the negative impact of the US Dollar which weakened by 3.7% over the year against the Euro. In line with guidance the current operating loss (before non current year end charges and provisions) was 28.4 million Euros, which is -13.3% of sales. The Group booked 16.7 million Euros of year end impairment charge (non cash), restructuring provision and asset write-off, which with net interest income of 1.7 million Euros results in a Group share of total net loss after tax of 43.3 million Euros. The business generated 31.3 million Euros of operating cash flow for the year. At the year end the balance sheet remains solid with cash resources of more than 167 million Euros and shareholders funds of 512 million Euros.

| (Euros millions) | 2007-2008* | 2008-2009 |
|--|------------|---------------|
| Sales | 298.2 | 213.9 |
| Gross margin | 54.1 | 19.2 |
| Research & Development | 25.5 | 22.8 |
| SG&A | 29.2 | 24.7 |
| Current Operating Income / (loss) | (0.6) | (28.4) |
| Other operating expenses | 7.6 | 16.7 |
| Operating income/(loss) | (8.2) | (45.0) |
| Net interest (exp)/inc | (1.9) | 1.7 |
| Net income/(loss) – Group share | (10.0) | (43.3) |
| Net earnings per share (Euros – undiluted) | (0.11) | (0.51) |

* Restated to be comparable with the presentation for 2008-2009

Sales reflect drop in semiconductor demand at the year end

For the full year, total wafer sales were 200,0 million Euros, down over the prior year by 30.1% or 27.6% at constant exchange. The reduction in 300mm wafer sales (81.3% of all wafer sales) was limited to 18.4% at constant exchange. All other diameter wafer sales were lower by 51.7% at constant exchange reflecting the economic crisis and the sharp reduction in the automotive market. Tracit sales grew strongly by 68.9% to 3.5 million Euros. Picogiga sales and revenue from royalties were stable year on year at 6.3 million Euros and 4.1 million Euros respectively.

Results impacted by lower sales and non current, mainly non cash provisions but balance sheet remains solid

The significant fall in demand towards the year end had a negative impact on margins with a reported gross margin of 9.0 % of sales compared to 18.1% of sales last year on a like for like basis. However early management action to improve efficiency and reduce costs to align resources to the lower levels of activity were successful because the gross margin, excluding the net additional cost of the Singapore fab of 12.9 million Euros, only fell by 4.0% from 19.0% of sales to 15.0% of sales compared to the reduction in sales of 28.3%.

In absolute terms net research and development expense was 2.6 million Euros below the prior year but this reflects an higher tax credit because the gross expense remains at the same level as the prior year. The company wide cost reduction plan resulted in successfully reducing operating expenses by 15.4% providing a current operating margin in line with guidance at -13.3% of sales or a loss of 28.4 million Euros compared to a loss of 0.6 million Euros in the prior year on a like for like basis.

The full year reported operating loss of 45.0 million Euros includes a non cash charge for impairment of intangible assets (goodwill) of 13.3 million Euros, a restructuring provision of 2.2 million Euros and additional depreciation of 1.2 million Euros to write off certain production assets.

Net interest income for the year was 1.7 million Euros and with no charge for income tax the total net loss after tax for the year is 43.3 million Euros (Group Share) equal to a loss of 51 cents per ordinary share on an undiluted basis. Despite the net loss, the Group generated positive cash flow from operations of 31.3 million Euros. Capital investment was 45.5 million Euros, which was mainly cash consumed in the early part of the year to complete the Singapore fab. In total net cash resources were reduced by 19.6 million Euros. At the year end the balance sheet remains strong with ordinary shareholders funds of 512 million Euros, gross cash of 167 million Euros. Net cash of 90 million Euros remains at the same level as one year ago.

The Group reiterates its cautious scenario for the financial year 2009-2010

Business remains weak in the beginning of the new financial year with short term demand being relatively stable sequentially. In a climate of general industry uncertainty, the Company is not in a position to provide guidance for the financial year 2009-2010. Management remains focussed on improving operational performance, aligning resources with demand, cost reductions and strict control over cash. Marketing and business development continue to capture new growth opportunities based on its strategy dedicated to the innovation and industrialization of advanced materials.

Agenda

The sales for the first quarter of the financial year 2009-2010 will be published on 20 July 2009, after the Paris Stock Exchange closes.

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 the 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 customer's 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

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