



## Soitec announces full year results for 2009-2010

- **Significant improvement in gross margin despite lower sales**
- **Current Operating Loss of 28.9 million Euros**
- **Positive operating cash flow of 45.4 million Euros**
- **Cash resources of 278 million Euros at year end**

*Bernin, France, 19<sup>th</sup> May 2010* – Soitec, the SOI (Silicon-on-insulator) leader, today announced consolidated results for the financial year ended 31<sup>st</sup> March 2010. Total sales for the year of 209.1 million Euros were down by 2.2% in Euros having benefited from a significant rebound in demand in the second half. In line with guidance the current operating loss was 28.9 million Euros. The Group booked 5.6 million Euros of non cash asset write-off charges, which with net interest expense of 10.9 million Euros results in a Group share of total net loss after tax of 44.0 million Euros. The business generated 45.4 million Euros of positive operating cash flow for the year. At the year end the balance sheet remains solid with cash resources of more than 277 million Euros and shareholders funds of 498 million Euros.

(Euros millions)	2008-2009	2009-2010
Sales	213.9	<b>209.1</b>
Gross margin	19.2	<b>26.5</b>
Research & Development	22.8	<b>27.7</b>
SG&A	24.7	<b>27.7</b>
Current Operating Income / (loss)	(28.4)	<b>(28.9)</b>
Other operating expenses	16.7	<b>5.1</b>
Operating income/(loss)	(45.0)	<b>(33.9)</b>
Net interest (exp)/inc	1.7	<b>(10.9)</b>
Net income/(loss) – Group share	(43.3)	<b>(44.0)</b>
Net earnings per share (Euros – undiluted)	(0.51)	<b>(0.51)</b>

## **Sales reflect year end rebound in semiconductor market demand**

For the full year, total wafer sales were 193.6 million Euros, down versus the prior year by 3.2% or 3.6% at constant exchange. 300mm wafer sales (81.3% of all wafer sales) reduction was limited to 2.3% at constant exchange. All other diameter wafer sales were lower by 8.9% at constant exchange reflecting the late rebound in the automotive market and recent contributions from RF markets. Picogiga and Tracit sales grew strongly by 24.4% and 20.1% respectively to 7.9 and 4.2 million Euros whereas royalties were down by 14.9% at 3.5 million Euros.

## **Despite lower sales operating results improved on a like for like basis and balance sheet remains solid**

Improved industrial efficiency and cost cutting measures led to a significant gross margin improvement with a reported gross margin of 12.7% of sales compared to 9.0% of sales last year. On a like for like basis (i.e. excluding the recently acquired CPV business), the gross margin increased to 13.8% of sales demonstrating the positive leverage impact of cost reduction initiatives including benefits from using in-house capacity for the refresh activity in Singapore.

In absolute terms net research and development expense was 4.8 million Euros above the prior year but this reflects the additional expense in the CPV business for the development of high efficiency solar cells and a lower tax credit. On a like for like basis, gross expense was 2.7 million Euros below the prior year. The SG&A increase came from the significant growth in legal fees related to an on-going case in defence of our IP portfolio. Reported current operating margin was -13.8% of sales or a loss of 28.9 million Euros compared to a loss of 28.4 million Euros or -13.3% of sales in the prior year. On a like for like basis the current operating loss was reduced to 22.3 million Euros or -10.7% of sales.

The full year reported operating loss of 33.9 million Euros includes a non cash charge of 5.6 million Euros to write-off production assets no longer used.

Net interest expense for the year was 10.9 million Euros and with no charge for income tax the total net loss after tax for the year was 44.0 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 45.4 million Euros. Total investment was 42.9 million Euros, which was mainly the acquisition of Concentrix (36.7 million Euros). The recent convertible bond issue provided 140.2 million Euros and in total for the year net cash resources were increased by 110.3 million Euros after repayment of capital leases. At the year end the balance sheet remains strong showing ordinary shareholders funds of 498 million Euros and gross cash of 278 million Euros. Net cash of 46 million Euros includes the potential debt related to the put option arising from the Concentrix acquisition which was valued at 47.3 million Euros at the end of March 2010.

## **The Group reiterates its positive scenario for the financial year 2010-2011**

Business remains solid in the beginning of the new financial year with short term demand increasing progressively over the coming quarters and accelerating in the second half. The Company confirms that its initial sales expectation for the financial year 2010-2011, on a like for like basis, is in line with current market outlook in the high performance segments. Management

believes that strong anticipated growth will significantly leverage the cost structure and confirms its target to cross over the breakeven point in the course of the year, excluding Concentrix. The current favourable exchange movement may result in achieving the cross over breakeven point in the course of the first half of the year. The Concentrix impact will depend on the timing of modules shipped. Based on current forecasts the Singapore fab is expected to start to ramp its SOI wafer production by year end. Marketing and business development continue to capture new growth opportunities as demonstrated in 2009-2010.

## Agenda

The sales for the first quarter of the financial year 2009-2010 will be published on 19 July 2010, after the Paris Stock Exchange closes.

## About Soitec:

The Soitec Group is the world's leading innovator and provider of the engineered substrate solutions that serve as the foundation for today's most advanced microelectronic products. The group leverages its proprietary Smart Cut™ technology to engineer new substrate solutions, such as silicon-on-insulator (SOI) wafers, which became the first high-volume application for this proprietary technology. Since then, SOI has emerged as the material platform of the future, enabling the production of higher performing, faster chips that consume less power.

Today, Soitec produces more than 80 percent of the world's SOI wafers. Headquartered in Bernin, France, with two high volume fabs on-site, Soitec has offices throughout the United States, Japan and Taiwan, and a new production site in the process of customers' qualification in Singapore.

Three other divisions, Picogiga International, Tracit Technologies and Concentrix Solar, complete the Soitec Group. Picogiga delivers advanced substrates solutions, including III-V epiwafers and gallium nitride (GaN) wafers, to the compound material world for the manufacture of high-frequency electronics and other optoelectronic devices. Tracit, on the other hand, provides thin-film layer transfer technologies used to manufacture advanced substrates for power ICs and Microsystems, as well as generic circuit transfer technology, Smart Stacking for applications such as image sensors and 3D-integration. In December 2009, Soitec acquired 80% of Concentrix Solar, the leading provider of concentrated photovoltaic (CPV) solar systems for the industrial production of energy. With this acquisition, Soitec is entering the fast-growing solar industry; capturing value through the system level.

Shares of the Soitec Group are listed on Euronext Paris.

For more information, visit [www.soitec.com](http://www.soitec.com).

Soitec, Smart Cut, Smart Stacking and UNIBOND are trademarks of S.O.I.TEC Silicon On Insulator Technologies.

**For all information, please contact:**

### **Investor Relations Contact**

Olivier Brice  
+33 (0)4 76 92 93 80  
olivier.brice@soitec.fr

### **International Media Contact**

Camille Darnaud-Dufour  
+33 (0)6 79 49 51 43  
camille.darnaud-dufour@soitec.fr

### **French Media Contact**

Muriel Martin, H&B  
+33 (0)1 58 18 32 44  
m.martin@hbcommunication.fr

**Consolidated statements of operations**  
(Amounts in thousands of Euros, except per share data)

	<b>Year-ended 31 March 2010</b>	<b>Year-ended 31 March 2009</b>
Sales .....	209 123	213 869
Cost of Sales .....	(182 619)	(194 671)
<b>Gross Profit</b> .....	<b>26 504</b>	<b>19 198</b>
Marketing and selling expenses .....	(6 726)	(6 797)
Research and development expenses .....	(27 662)	(22 852)
General and administrative expenses .....	(20 983)	(17 927)
<b>Current Operating income</b> .....	<b>(28 867)</b>	<b>(28 378)</b>
Other operating income .....	993	-
Other operating expense .....	(6 065)	(16 664)
<b>Operating income</b> .....	<b>(33 939)</b>	<b>(45 042)</b>
Interest income .....	2 669	12 957
Interest expense .....	(13 582)	(11 250)
<b>Income (loss) before tax</b> .....	<b>(44 851)</b>	<b>(43 335)</b>
Income Tax .....	87	(103)
Net income of fully consolidated companies .....	<b>(44 764)</b>	<b>(43 438)</b>
Minority interests .....	(719)	(98)
Group share of net income .....	<b>(44 046)</b>	<b>(43 340)</b>
Basic net income per share .....	(0,51)	(0,51)
Diluted net income per share .....	(0,40)	(0,51)

COMPREHENSIVE INCOME

	<b>Year-ended 31 March 2010</b>	<b>Year-ended 31 March 2009</b>
<b>Net income of fully consolidated companies</b> .....	<b>(44 046)</b>	<b>(43 340)</b>
Exchange differences on translating foreign operations .....	(2 553)	(25 132)
Available-for-sale financial assets .....	-	-
Cash flow hedges .....	-	-
Gains on property revaluation .....	-	-
Issue of share capital expenses .....	(588)	(2 023)
Income tax relating to components of other comprehensive income .....	196	674
<b>Other comprehensive income net of tax</b> .....	<b>(2 945)</b>	<b>(26 481)</b>
<b>Total comprehensive income of fully consolidated companies</b> .....	<b>(41 101)</b>	<b>(16 859)</b>
Minority interests .....	(719)	(98)
<b>Group share Comprehensive income</b> .....	<b>(40 382)</b>	<b>(19 957)</b>

**Consolidated balance sheet**  
(Amounts in thousands of Euros)

	<b>At 31 March 2010</b>	<b>At 31 March 2009</b>
<b>Assets</b>		
<b>Non current assets</b>		
Intangible assets .....	98 430	20 698
Tangible assets .....	313 475	355 376
Deferred tax assets .....	1146	674
Financial assets .....	1 093	1 051
	<b>414 144</b>	<b>377 799</b>
<b>Current assets</b>		
Inventories .....	30 268	37 881
Accounts receivable .....	40 978	18 355
Other receivables .....	30 123	35 002
Short-term financial assets .....	1 490	203
Cash and cash equivalents .....	277 603	167 280
	<b>380 462</b>	<b>258 721</b>
<b>TOTAL ASSETS</b>	<b>794 606</b>	<b>636 520</b>
 <b>Shareholder's equity and liabilities</b>		
<b>Shareholder's equity</b>		
Share capital .....	8 615	8 512
Additional paid-in capital .....	479 236	475 459
Treasury shares .....	(210)	(210)
Retained earnings .....	3 656	19 440
Other reserves .....	6 887	9 144
<b>Shareholders equity – Group share</b> .....	<b>498 184</b>	<b>512 345</b>
Minority interests .....	289	239
<b>Total shareholder's equity</b>	<b>498 473</b>	<b>512 584</b>
<b>Non current liabilities</b>		
Long term debts .....	200 358	49 254
Deferred tax liabilities .....	-	-
Other non current liabilities .....	2 247	1 930
	<b>202 605</b>	<b>51 184</b>
<b>Current Liabilities</b>		
Short term debts .....	31 713	27 794
Accounts payable .....	35 348	28 865
Other current liabilities .....	26 467	16 093
	<b>93 258</b>	<b>72 752</b>
<b>TOTAL CURRENT AND NON CURRENT LIABILITIES</b>	<b>296 133</b>	<b>123 936</b>
<b>TOTAL LIABILITES</b>	<b>794 606</b>	<b>636 520</b>

**Consolidated statements of shareholders' equity**  
(Amounts in thousands of Euros)

	Ordinary shares		APIC	Shares repurchased	Retained earnings	Other reserves	Total shareholders equity – Group Share	Minority interests	Total shareholders equity
	Number of shares issued	Share capital							
<b>March 31, 2008</b> .....	<b>82 755 632</b>	<b>8 276</b>	<b>465 050</b>	<b>(211)</b>	<b>57 089</b>	<b>(16 056)</b>	<b>514 148</b>	<b>355</b>	<b>514 503</b>
Translation adjustments .....						25 132	25 132	50	25 182
Variation of fair value of assets available for sale .....									
Variation of revaluation adjustments .....									
Issue of share capital expense.....			(1 349)				(1 349)		(1 349)
Total income and expense for the year recognized directly in equity .....			(1 349)			25 132	23 783	50	23 833
Net income (loss) .....					(43 340)	68	(43 272)	(166)	(43 438)
Total income and expenses for the year .....			(1 349)		(43 340)	25 200	(19 489)	(116)	(19 605)
Stock options and warrants exercised.....									
ABSAARS operation .....	2 250 000	225	11 708				11 933		11 933
Issue of share capital .....	113 751	11	50		-		61		61
Variation in shareholders equity of financial instruments									
Share based payments .....					5 691		5 691		5 691
Shares repurchased.....				1			1		1
Adjustment to the nominal value per share .....									
<b>March 31, 2009</b> .....	<b>85 119 383</b>	<b>8 512</b>	<b>475 459</b>	<b>(210)</b>	<b>19 440</b>	<b>9 144</b>	<b>512 345</b>	<b>239</b>	<b>512 584</b>

	Ordinary shares		APIC	Shares repurchased	Retained earnings	Other reserves	Total shareholders equity – Group Share	Minority interests	Total shareholders equity
	Number of shares issued	Share capital							
<b>March 31, 2009</b> .....	<b>85 119 383</b>	<b>8 512</b>	<b>475 459</b>	<b>(210)</b>	<b>19 440</b>	<b>9 144</b>	<b>512 345</b>	<b>239</b>	<b>512 584</b>
Translation adjustments .....					(296)	(2 257)	(2 553)	12	(2 541)
Variation of fair value of assets available for sale .....									
Variation of revaluation adjustments .....									
Issue of share capital expense.....			(392)				(392)		(392)
Total income and expense for the year recognized directly in equity .....			(392)		(296)	(2 257)	(2 945)	12	(2 933)
Net income (loss) .....					(44 046)		(44 046)	(719)	(44 765)
Total income and expenses for the year .....			(392)		(44 342)	(2 257)	(46 991)	(707)	(47 698)
Stock options and warrants exercised.....					99		99		99
ABSAARS operation .....									
Issue of share capital .....	1 025 850	103	4169				4 272		4 272
Variation in shareholders equity of financial instruments					23 918		23 918		23 918
Share based payments .....					4 710		4 710		4 710
Perimeter change .....								757	757
Shares repurchased .....									
Miscellaneous .....					(169)		(169)		(169)
<b>March 31, 2010</b> .....	<b>86 145 233</b>	<b>8 615</b>	<b>479 236</b>	<b>(210)</b>	<b>3 656</b>	<b>6 887</b>	<b>498 184</b>	<b>289</b>	<b>498 473</b>

**Consolidated statement of cash flows**  
(Amounts in thousands of Euros)

	Year-ended 31 March 2010	Year-ended 31 March 2009
<b>Consolidated, net income (loss)</b>	<b>(44 046)</b>	<b>(43 340)</b>
<b>Adjustments to reconcile net income (loss) to net cash used in operating activities :</b>		
Depreciation and amortization.....	62 657	54 796
Goodwill depreciation).....		13 295
Loss on disposal of fixed asset .....	2	4 110
Variation in deferred tax.....	(87)	103
Minority interests .....	(719)	(98)
Net financial debt cost .....	10 599	(1 707)
Share based payment expenses .....	4 710	5 691
Other .....	-	-
<b>Increase (decrease) of cash and cash equivalents from :</b>		
Inventories .....	14 280	10 948
Accounts receivable .....	(21 044)	9 922
Other receivables .....	(820)	3 203
Accounts payable .....	11 277	(22 354)
Other debts .....	8 592	(3 304)
<b>Cash flows provided by operating activity</b>	<b>45 401</b>	<b>31 265</b>
Purchase of intangible assets .....	(612)	(14 336)
Purchase of tangible assets .....	(5 899)	(31 502)
Proceeds from sale of tangible and intangible assets .....	334	311
Variation in perimeter .....	(36 746)	-
<b>Cash flows used in investing activities</b>	<b>(42 923)</b>	<b>(45 528)</b>
Amounts received from shareholders from capital increase .....	3 880	10 645
Amounts received from stock options and warrants exercised .....	-	-
Resale (repurchase) of shares .....	-	-
Amounts provided by new loans .....	145 091	33
Reimbursement of loans (including leasing agreements) .....	(37 659)	(28 579)
Proceeds from sale (purchase) of financial assets .....	(47)	8 803
Financial interest received .....	1 208	5 647
Financial interest paid .....	(3 260)	(6 098)
<b>Cash flows provided by (used in) financing activities</b>	<b>109 213</b>	<b>(9 549)</b>
Effect of exchange rates changes on cash and cash equivalents	(1 368)	4 159
<b>Variation of net cash and cash equivalents</b>	<b>110 323</b>	<b>(19 653)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR .....	167 280	186 933
CASH AND CASH EQUIVALENTS AT END OF THE YEAR.....	277 603	167 280