



Soitec announces consolidated sales of 57.7 million Euros for Q3 2008-2009

- **Q3 consolidated sales down by 3.9% sequentially but exchange favourable**
- **Full year guidance revised downwards**

Bernin, France, 19 January 2009 – Soitec, the SOI (Silicon on Insulator) leader, announced consolidated sales of 57.7 million Euros for the third quarter of the financial year 2008-2009. Total wafer sales of 54.2 million Euros for the quarter were down sequentially by 4.0% in Euros but down by 15.6% at constant exchange as demand reduced in line with expectations. For the first nine months of the financial year, total consolidated sales were down by 23.4% at 178.0 million Euros, however over the same period the Dollar moved unfavourably by 6.8% against the Euro.

Sales <i>Euros Millions</i>	2008-2009	2007-2008	Change
1st quarter	60.2	68.5	-12.0%
2nd quarter	60.1	83.5	-28.1%
3rd quarter	57.7	80.5	-28.3%
TOTAL 9 months	178.0	232.5	-23.4%

Year to date wafer sales down by 20.5% at constant exchange

In the third quarter 300mm, which represented 82% of total wafer sales of 54.2 million, reflected the significant industry downturn with a sequential reduction of 20.0% at constant exchange limited to 7.8% in Euros. However third quarter sales of all other sizes of 9.8 million Euros, although down year on year by a third at constant exchange, actually grew sequentially by 5.6% at constant exchange or by 10.5% in Euros.

Total wafer sales were 167.2 million Euros for year to date nine months, down by 20.5% at constant exchange and by 25.5% in Euros.

Third quarter contribution to consolidated sales for from other activities, Picogiga, Tracit and licensing was 3.5 million Euros. Year to date nine months these activities have grown by 32.8% to 10.8 million Euros compared to 8.1 million Euros in the same period last year.

Full year guidance revised downwards

Most recent customer information and strong pressure to reduce inventories indicate a significant reduction in demand in Q4 leading to a sequential decrease in sales of the order of 30% at constant exchange for the second half of the year. This would result in full year sales revenue being lower than last year by some 25% at constant exchange. However the Group is carefully monitoring short-term demand from large customers because it is closely related to market demand for consumer products early in the New Year. The Group remains cautious as the current economic environment suggests significant volatility in demand for several quarters at least.

In terms of full year operating results, the benefits resulting from the cost reduction programs initiated early in the year and the latest measures implemented by management are unlikely fully to compensate the adverse impact from this further reduction in activity in H2. Therefore, full year operating margin guidance on a published basis excluding one off items is to be in the range -14% to -16% of the reduced sales forecast. This is no longer similar to last year when restated on a like for like basis at constant exchange before the cost impact associated with the Singapore fab.

The Group remains fully optimistic for the long-term success of its technology and the likelihood of strong sales growth once more normal economic conditions are re-established. However the present negative forecasts for the semi conductor industry for the foreseeable future, the likelihood of continued weak demand in 2009, and the sustained decline in the company's market capitalisation raise the issue of impairment in compliance with IRFS. The Group will review the carrying value of its assets, including goodwill (related to the acquisition of Tracit Technologies), in order to determine the need, if any, for a charge for impairment in the full year's accounts. Any such potential charge has no impact on cash and the financial structure remains perfectly healthy.

Agenda

Fourth-quarter sales for the financial year 2007-2008 will be published on 20 April 2009 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

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