



"Our technologies meet the future challenges facing the electronics industry, including mobility, connectivity and low consumption. They will help us support the strong development in artificial intelligence and self-driving vehicles."

Dear shareholders,

Our FY'18 performance was characterized by strong sales growth. Our 200mm radiofrequency (RF-SOI) and power (Power-SOI) products, now industry standards, went from strength to strength, buoyed by persistently brisk demand. That said, the bulk of our growth came from the roaring success of our 300mm substrates, including FD-SOI, Imager-SOI, Photonics-SOI and RF-SOI wafers.

Our earnings performance also improved substantially during FY'18, reflecting the top-line increase and our higher capacity utilization rates. We are also reaping the benefits of our unrelenting efforts to enhance the productivity of our manufacturing facilities and to manage our costs as tightly as we can. The improvement in our operating margins helped to boost our cash generation. We also ended the year with a stronger balance sheet.

Soitec has also the necessary leeway to continue innovating and to harness the growth potential deriving from the outlook for its end markets, namely smartphones, cars, cloud computing infrastructure and the Internet of Things. We are considering plans to invest in production capacity increases at our existing facilities. Our projects include adding more capacity at Bernin and taking further steps towards the full reopening of our Singapore plant. Our intention is still to make these investments in a gradual and disciplined manner. They will go ahead only if we have sufficient visibility on demand from our customers. In the current fiscal year, we plan to invest around €120 million.

And to maintain our new growth momentum, we are going to continue the far-reaching transformation of the company and its organization we launched two years ago and also the plan to hire new employees already underway at Bernin, in Singapore and at our other subsidiaries.

Thank you for your continued loyalty, and I look forward to seeing you at Soitec's Shareholders' Meeting on July 26.

Paul Boudre
Chief Executive Officer

"Performance in FY'18 backed up the decision we made in early 2015 to refocus Soitec on its core business of Electronics.

Thanks to these results and to the strengthening of its equity base, the company is now able to support the strong expected growth of its markets."

Thierry Sommelet
Chairman of the Board of Directors



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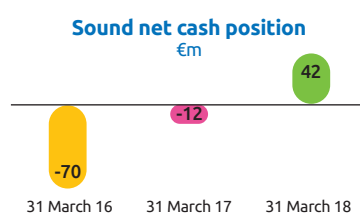
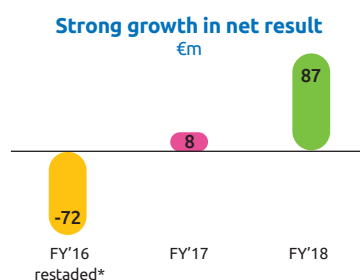
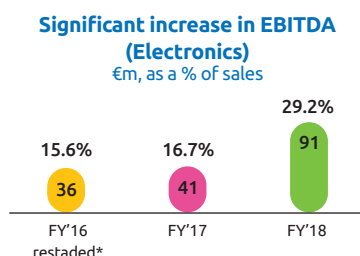
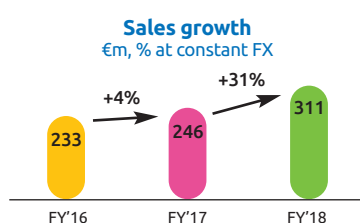
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FY'18 results



"In FY'19, we expect our sales to grow by over 35% at constant exchange rates with our Electronics EBITDA margin at around 27%"



* As from FY'17, residual income and expenses related to discontinued operations are reported under "Net result from discontinued operations". Down to the "Net result after tax from continuing operations" line, consolidated income fully and exclusively reflects the Electronics business and the Group's corporate function expenses. The FY'16 financial statements have been restated in a similar manner to ensure comparability.

Three questions for Rémy Pierre, Chief Financial Officer

What stands out for you about Soitec's FY'18 results?

After several years of losses, Soitec returned to profit in FY'17 and posted significant earnings in FY'18. Our revenue growth gained real traction, and our operating profitability improved further. Our Electronics⁽¹⁾ EBITDA⁽²⁾ margin increased from €41 million to €91 million. I should, however, make clear that it was partly boosted by a non-recurring gain of slightly over €10 million.

In addition, our equity base grew substantially during FY'18. To a great extent, this was the result of the capital increase triggered by the early conversion of 99% of the OCEANE 2018 convertibles and the rise in earnings over the period. We had a healthy net cash position of €42 million at March 31, 2018 thanks to the cash generated by our operating activities and the reduction in our debt.

What drove the improvement in operating performance?

Gross profit continued to make headway, rising to 34.4% of revenues, up from 31.5% one year earlier. The key driver of this increase was the growth in our sales, leading to better absorption of production costs, as well as a richer product mix, price increases and tighter cost control. The Bernin I plant dedicated to 200mm wafers continued to run at full capacity. It reaped the benefit of higher productivity, while the utilization rate of the Bernin II plant dedicated to 300mm wafers powered up from an average level of 19% in FY'17 to an average level of 37% in FY'18. In

the fourth quarter, it even topped the 50% mark.

What investments are needed to support growth?

Our production capacity will rapidly become a limiting factor. We recently increased Bernin I's capacity from 850,000 to 900,000 wafers (200mm) p.a., and we aim to lift it to 950,000 wafers by the end of the fiscal year. The Bernin II plant is expected to reach its full capacity in early 2019 at around 650,000 wafers (300mm) p.a. We have already made investments so that we are primed to produce FD-SOI wafers. This year we plan to extend the building ahead of a subsequent increase in its capacity from 650,000 to 800,000 wafers p.a. across all the 300mm product lines. And we intend to complete the investments this year in a pilot line at our Singapore fab, which had been dormant until last year, and to set up refresh and epitaxy activities. We hope to complete the qualification process for the Singapore plant by early 2019. Then we will be able to add new equipment gradually to boost capacity to 800,000 wafers (300mm) p.a. All in all, we are planning €120 million in investments during FY'19.

(1) The Electronics EBITDA margin is the ratio of EBITDA from continuing operations to revenues

(2) EBITDA represents EBIT before depreciation, amortization and non-cash items arising from share-based payments and changes in allowances for current assets and in provisions for liabilities and expenses, but does not include gains on asset disposals. This indicator is a non-IFRS metric. It is used to measure the company's ability to generate cash from its operating activities. EBITDA is not defined in IFRS and should not be considered as an alternative to any other financial indicator.

€150 million OCEANE issue

On June 21, 2018, Soitec seized the opportunity to raise €150 million on favorable terms. It successfully placed OCEANEs (bonds convertible into and/or exchangeable for new or existing ordinary shares) with institutional investors in an issue that raised a nominal amount of €150 million. The zero-coupon bonds are repayable at par on June 28, 2023. The nominal value per bond set at €104.47 stood at a premium of 37.5% to the reference share price.

The proceeds remaining after the repayment of around €30 million in short-term bank loans will bolster Soitec's ability to finance the investments it needs to make to meet the burgeoning demand for its latest product generations.

Innovation in electronics starts with Soitec's substrates



100%

of smartphones based on
Soitec RF-SOI technology

More than 6 billion

chips in the automotive sector
based on Soitec Power-SOI wafers

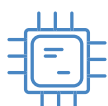


50 billion

device opportunities for
the Internet of Things

More than 20 billion

RF ICs based on
Soitec RF-SOI wafers



Creating value for end customers

Soitec's highly advanced technology semiconductor materials deliver unique and competitive advantages to the applications they are required for at the heart of everyday electronics such as smartphones, cars and other connected devices. As mobile usage is growing, demand for connectivity increases, and Soitec's substrates are strategically important for end products that need to achieve high performance, low-power consumption and reliability at a low cost.

To respond even more effectively to the needs of the electronics sector, the Company is working with all the players in its ecosystem, up to and including end customers. Its involvement begins at the product design stage. For example, Soitec is working on innovation platforms in China to prepare for the arrival of 5G, on artificial intelligence in California and on connected cars in Europe.

Soitec's products help its end customers to design systems with higher computing speed, enhanced connectivity and lower power consumption, all at a competitive cost.

Four strategic markets with bright growth prospects

Smartphones

Soitec's growth prospects are linked to developments of the technologies integrated in phones. The RF-SOI surface in phones is growing with the increase in data volumes and the adoption of new communication protocols, such as the LTE Advanced Pro (4G+) prior to the arrival of 5G. The Soitec substrate content will also increase as RF-SOI is used in front-end communication modules, POI is launched for filters and FD-SOI is used for image processors, dedicated chips for artificial intelligence and 5G transceivers. And Soitec moved into 3D detection with Imager-SOI.

Automotive

Power-SOI substrates are already widely used in the automotive segment, which harbors numerous opportunities for Soitec with the advanced driving assistance systems and also the multimedia and voice-recognition processors used for infotainment systems. FD-SOI is already used in Mobileye's EyeQ4 system, which collects data from several sensors operated by the driving assistance processor. FD-SOI is also used in NXP's i.MX8's microcontrollers, which handle the infotainment features. Several automotive manufacturers have announced plans to integrate Alexa, Amazon's voice assistant, in their new models. In late 2018, 15 car marques will contain FD-SOI-based chips.

Internet of Things

Thanks to the ability of its substrates to integrate more and more functions (digital, connection, sensors, etc.), Soitec will be able to capitalize on numerous opportunities linked to consumer applications already or about to go on the market, such as GPS for smartwatches (like Sony's based on FD-SOI), as well as personal assistants for smart homes, ear buds and drones. FD-SOI also has all the attributes to become the leading platform for industry, smart cities, smart meters and security cameras, a fast-expanding market in China. And FD-SOI also has applications in edge computing, which is developing with mobility and the internet of things.

Infrastructure for the Cloud, mobility and satellites

The mega-server market is growing as the volume of data exchanged and stored surges to new heights. Photonics-SOI substrates meet data centers' need for high transmission speeds at a competitive price. New opportunities are also arising for FD-SOI in equipment such as base stations and also cryptocurrency infrastructure.

Diversified portfolio of innovative semiconductor materials

FD-SOI

FD-SOI substrates can deliver ultra-low-power features, unique cost-performance ratio, high-reliability and high-performance-mixed signal integration.

Imager-SOI

Imager-SOI products respond to market demand for 3D cameras for augmented reality (AR), virtual reality (VR), facial-recognition security systems, complex man-machine interfaces and other new applications.

Photonics-SOI

With Photonics-SOI substrates, the optical function can be integrated onto a CMOS chip for high-speed optical transceivers. They are particularly well-suited to data centers' needs.

POI

POI (piezoelectric on insulator), a new substrate based on a piezoelectric material, is now used in acoustic wave components, such as sensors and filters. In 2017, Soitec acquired full control of freq|n|sys, a French start-up specialized in this area.

Power-SOI

Power-SOI substrates address the requirements for integrating high-voltage and analog functions in intelligent, energy-efficient and highly reliable power IC devices.

RF-SOI

RF-SOI is a technology widely used in radio frequency applications in smartphones. It has already established itself as a standard for antenna tuners and switches.

Shareholder information

Share price performance



At the
Champions de
la Bourse prize-

giving ceremony held on
June 19, 2018, Investir
magazine's editors gave out two
awards to Soitec, one for its share
price performance and another
for its turnaround. Soitec won
both the best SBF 120 performer
over 3 years and the Turnaround
awards.

Breakdown of capital

Shareholding structure
as a % of the number of shares
at March 31, 2018



Bpifrance Participations	11.49%
CEA Investissement	11.49%
NSIG Sunrise	11.49%
CDC EVM	2.66%
Treasury shares ⁽¹⁾ / Preferred shares ⁽¹⁾⁽²⁾	0.87%
Shin-Etsu Handotai Co. Ltd.	0.70%
Employees	0.13%
Free float	61.17%

(1) Non-voting shares

(2) Preferred shares with a nominal value of €0.10
not admitted to trading

Key features

Number of shares
at June 30, 2018,

- 31,367,567 ordinary shares
with a nominal value of €2.00
- 269,365 preferred shares
with a nominal value of €0.10

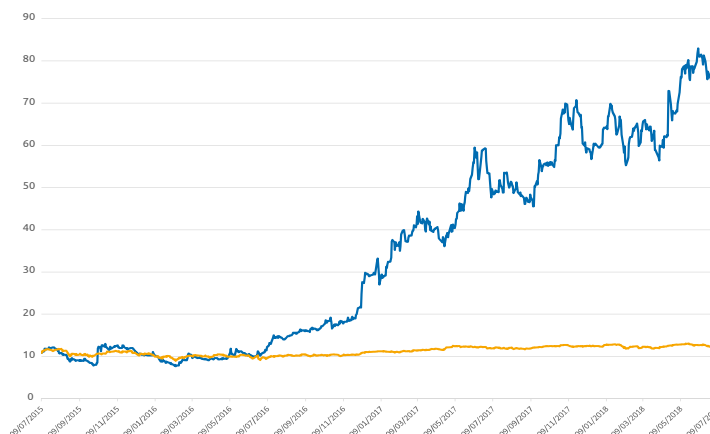
Listing market:

Euronext Compartment B

ISIN code: FR0013227113

Ticker: SOI

Share price



July 9, 2015

Soitec : €10.9

SBF 120: 3,747

July 9, 2018

Soitec : €73.3

SBF 120: 4,319

Variation

Soitec : +574%

SBF 120: +15%

2018 Shareholders' meeting

Soitec's AGM called to approve its FY'18 financial statements will be held at 2:00 pm on July 26, 2018 at its Bernin headquarters. The notice of the meeting containing the text of the resolutions and details of how shareholders can attend and vote at the meeting was published in the BALO bulletin on June 18, 2018. The convening notice was published in the BALO on July 9, 2018.

Every shareholder, no matter how many shares they hold, may take part at Shareholders' Meeting by following the steps laid down in these notices. If they are unable to attend the shareholders' meeting in person, a shareholder may decide in accordance with the conditions laid down in the aforementioned notices either to:

- give a proxy to any individual or legal entity of their choosing and sending the proxy to the Company,
- send a proxy to the Company without naming a representative, or
- use a postal voting form and send it to the Company.

All the preparatory documents for the Shareholders' Meeting and the single postal/proxy voting form, are available in the Company - Investors - Shareholder information - Annual General Meetings - 2018 - O&EGM July 26, 2018 - section of the Company's website (www.soitec.com).

Find Soitec's financial information on its website and receive the company's publications by registering in the Investor section (follow the link <https://www.soitec.com/en/subscribe>)

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