



Dear Shareholders,

2016-17 was a key year for Soitec, characterized in particular by the strengthening of its balance sheet and its shareholding structure. Of the €150 million of shareholders' equity raised at the start of the fiscal year, €110 million went to reducing debt and the remainder will be used to spur growth.

It was also a year of solid performances. Demand for our 200mm wafers used in radiofrequency and power applications was sustained. In 300mm wafers, the anticipated decline in PD-SOI sales was seen but this was more than offset by the sharp rise in sales of new families of substrates, such as FD-SOI, radiofrequency, photonics and imagers. As regards manufacturing, we continued to improve productivity at our Bernin I plant dedicated to 200mm wafers, which is operating at full capacity. Meanwhile, the utilization rate at our Bernin II plant producing 300mm wafers rose again after reaching a low in the second quarter of the year. Overall, we continued to improve our operating profitability and generated a net profit.

Soitec is therefore able to look to the future with confidence. Our strategy of sustainable and profitable growth is based on the promising outlook relating to the expansion of the four major electronics markets we target: smartphones, automotive, the Internet of Things and data centers. Our various product families meet the needs of these markets in terms of performance, low power consumption, reliability and streamlining of costs. This is illustrated by the many new products launched using FD-SOI technology. As regards this technology, on the basis of the commitments by our major strategic customers – in terms of both production capacity and extending the scope of their technology roadmap – we have decided to increase FD-SOI wafer production capacity at our Bernin II plant and announced our intention to reopen our plant in Singapore. At the same time, we are already working with our customers regarding their requirements for 2025 and beyond in terms of virtual reality, 5G communications and even autonomous cars, for example.

The successful refocusing of our activities on electronics and the financial leeway we now have will open the way towards growth that should accelerate and improve in terms of profitability.

I would like to thank you for your loyalty and hope that you will be able to join us at the annual general meeting on July 26.

Paul Boudre

Chairman and Chief Executive Officer

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2016-2017 full-year results



"For fiscal year 2017-2018, we expect around 25% revenue growth at constant exchange rates whilst our Electronics EBITDA margin should stand at a minimum of 20%."

2016-2017 key figures

Sales

€246m

+4%

at constant exchange rates
vs. 2015-2016

EBITDA margin (Electronics)

16.7%

vs 15.6% in 2015-2016

Net profit

€8.4m

vs. -€72.2m in 2015-2016

* The EBITDA represents the operating gain (EBIT) before depreciation, amortization, non-monetary items related to share-based payments, and changes in provisions on current assets and provisions for risks and contingencies. Electronics EBITDA margin is equal to the ratio of EBITDA from continuing operations to sales for 2016-2017.

Three questions to Rémy Pierre, Chief Financial Officer

What would you note from the Company's results for the 2016-2017 fiscal year?

This fiscal year allowed us to lay the foundations for strong recovery in terms of both our balance sheet, with the recapitalization operation carried out in the first quarter of the year, and our operations. We achieved strong growth in sales. Thanks to further improvement in our manufacturing margin, this resulted in a solid rebound in operating profitability. Cash flow generation was fueled by operations and financing transactions. At the end of March 2017, Soitec had a net cash position of €109 million and net debt had been reduced to €12 million.

How has your operating performance developed?

Gross margin improved by around 5 points to 31.5% of sales during the 2016-2017 fiscal year. This was thanks to the performance of the Bernin I plant, dedicated to 200mm wafers. The plant operated at full capacity, benefiting from increased productivity and, as a result, higher volumes, as well as tight control of production costs.

In contrast, the Bernin II plant producing 300 mm wafers went through an atypical year. The production capacity utilization rate, which had fallen to 14% in the second quarter, rose to 29% in the last quarter. This was thanks to sales of wafers from the portfolio of new products and will continue.

What investment is needed to support your growth?

Soitec has decided to go ahead with the €40 million investment aimed at increasing production capacity at the Bernin II plant dedicated to FD-SOI wafers.

This capital expenditure will be spread out over two years and the first tranche has already been committed.

In order to keep up with demand for FD-SOI wafers over the long term, Soitec intends to reopen its Singapore plant. The total contemplated investment would reach approximately USD 270 million to bring the production capacity up to 800,000 300mm wafers per year. Customer commitments would trigger the gradual roll out of the investment plan.

Balance sheet strengthened significantly

During the first quarter of the 2016-2017 fiscal year, in view of its insufficient equity and debt repayments falling due, Soitec increased its equity by around €150 million. This was done by means of three reserved capital increases followed by a capital increase with preferential subscription rights.

• Three strategic shareholding partners

Two strategic shareholders – CEA Investissement, a subsidiary of CEA, Soitec's technology partner, and NSIG, a Chinese investment platform specializing in the semiconductor sector – acquired stakes in the company. Meanwhile, long-standing shareholder Bpifrance increased its stake in the company. Each of the three shareholders now holds 12% of share capital.

• Substantial debt reduction

Around €50 million was used to repay bridging loans falling due in May 2016, while around €60 million was used to repurchase 2018 OCEANE bonds.

On July 7, 2017, Soitec announced the early amortization, with an effective date on August 8, 2017, of all the outstanding 2018 OCEANES for which the shares allocation right has not been exercised. The holders of the 2018 OCEANES retain the ability up to and including July 28, 2017 to exercise their shares allocation right.

• Financing growth

A budget of €40 million has been set aside for capital expenditure to increase production capacity at the Bernin II plant dedicated to FD-SOI wafers from 100,000 to 400,000 wafers per year.

Products and markets

Whether for smartphones, automotive, the Internet of Things or data centers, the product benefits of Soitec's substrates (performance, level of energy consumption and cost) add value to electronic components.

Acceleration in the adoption of FD-SOI by the semiconductor industry in 2017

GLOBALFOUNDRIES has announced plans to increase 22nm FD-SOI production capacity at its Dresden plant in Germany by 40% between now and 2020 and to open a new plant in Chengdu, China, with volume production expected to start in 2019.

GLOBALFOUNDRIES has also made a joint announcement with the Chengdu municipality concerning investment of €100 million to build a world-class FD-SOI ecosystem including multiple design centers and accelerate the adoption of 22 FD-SOI (FDX) technology in China.

Lastly, GLOBALFOUNDRIES has announced the extension of its roadmap with 12nm FD-SOI technology.

Samsung is working on extending its existing 28nm FD-SOI platform with the incorporation of RF functions and embedded MRAM, and its 18nm technology is due to begin volume production in 2019.

CEA – LETI has set out its technology roadmap to take FD-SOI down to 10nm.

A large portfolio of innovative semiconductor materials for the electronics sector

RF-SOI: present in all smartphones produced worldwide for radiofrequency applications, RF-SOI has become the solution of choice for switch and antenna tuners.

Power-SOI: dedicated to the manufacture of intelligent power conversion circuits, Power-SOI is already widely used in the automotive industry and more and more in industrial and consumer applications (including household appliances).

FD-SOI: allowing for very low energy consumption, an optimized cost/performance profile, high reliability and very strong integration of analog functions, FD-SOI is intended primarily for the mobile phones market, the Internet of Things, 5G and the automotive industry.

Emerging SOI, comprising two new product lines: Photonics-SOI, which optimizes data center transmission speed for applications hosted in the Cloud, and Imager-SOI, adapted to the needs of future-generation image sensors.

Four end markets with growing needs

Smartphones

This market currently accounts for 60% of Soitec's revenues. The success of RF-SOI technology is continuing to be driven by growing needs relating to the increase in the number of frequency bands, as well as demands in terms of data speeds under 4G/LTE-Advanced mobile telephony standards and, in future, 5G. New opportunities are emerging in this area for other Soitec product lines (FD-SOI, Imager-SOI, other new substrates) suited for example to GPS applications or even sensors.



Automotive

Semiconductors account for 80% of innovation in the automotive industry. The quantity of semiconductor materials is continuing to increase, driven by the development of electric vehicles, infotainment and autonomous driving, among others. The automotive industry currently represents around 20% of Soitec's revenues. Revenue growth relating to this market is driven by both existing products (Power-SOI) and new products (FD-SOI, RF-SOI, new substrates for sensors).



Internet of Things

Soitec's substrates offer a high level of integration (digital, connection, sensors etc.) and will be able to capitalize on the many opportunities relating to consumer and industrial applications already on the market or to come such as connected watches, fitness trackers, drones, head-mounted displays and equipment for the 4.0 industry. This is the case for FD-SOI, RF-SOI and new substrates for sensors.



Data centers

Driven by the increase in data traffic, the revolution in this field is now under way. Soitec's products (Photonics-SOI, FD-SOI) provide disruptive solutions for IT in the Cloud and for interconnections.



Shareholder information

News

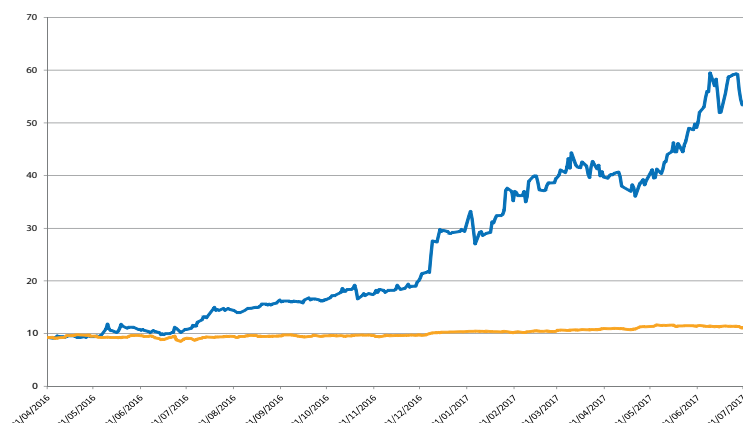
February 8, 2017

Soitec reverse stock split by means of the exchange of 20 existing shares for 1 new share has taken effect

March 20, 2017

Soitec joins the CAC® SBF 120® and Mid 60 20 indices

Soitec's share price



Avril 1st, 2016

Soitec: €9.3

SBF 120: 3,430

July 6, 2017

Soitec: €47.7

SBF 120: 4,104

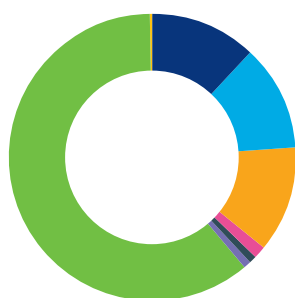
Variation

Soitec: +414%

SBF 120: +20%

Shareholder's profile

July 6, 2017



Bpifrance Participations	12.0%
CEA Investissement	12.0%
NSIG Sunrise	12.0%
CDC EVM	2.3%
Groupe Familial Auberton-Hervé	0.9%
Shin-Etsu Handotai Co. Ltd.	0.7%
Free float	60.0%
Treasury stock	<0.1%

2017 Annual General Meeting

Soitec's Annual General Meeting to approve the financial statements for the 2016-2017 fiscal year will be held at 10:00am on July 26, 2017 at the company's head office in Bernin. The notice of the meeting, containing in particular the draft resolutions and information on how to attend and vote, was published in the BALO on June 21, 2017. An amended notice and the convening notice appeared in the BALO on July 10, 2017.

All shareholders, regardless of the number of shares held, may attend the meeting in accordance with the terms set out in the aforementioned notices. Shareholders not attending the meeting in person may choose from one of the following three options, subject to the conditions set out in the aforementioned notices:

- grant proxy to any natural or legal person of their choice and send the proxy form to the company;
- send a blank proxy form to the Company without naming a proxy;
- use and send to the company a postal voting form.

All of the advance documentation for the meeting, as well as the single postal or proxy voting form, is available on the Company's website (www.soitec.com), under Company - Investors - Shareholders' Information - Annual General Meeting - 2017 - O&EGM July 26, 2017.

Contacts

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>)

Share information

Number of shares
as at July 6, 2017: 30,311,510
Par value: €2.00 per share
Listing market:
Euronext Compartment B
ISIN code: FR0013227113
Ticker: SOI

By mail

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