



Q4 and full-year revenues for FY'16

Soitec reports Electronics full-year revenues of 232.3 million Euros, up 36% (or 20% at constant exchange rates)

- Electronics revenues recorded a sequential increase of 10% at constant exchange rates in Q4, in line with the Group's forecasts
- Consolidated FY'16 revenues came in at 237.5 million Euros, up 32% compared with the previous year
- Ongoing refocus on the Electronics core business

Bernin, France, 13 April 2016 – Soitec (Euronext Paris), a world leader in manufacturing innovative semiconductor materials, today announced consolidated revenues of 65.8 million Euros for the fourth quarter of FY'16, representing a 2% increase (+0.5% at constant exchange rates), compared with 64.3 million Euros in the fourth quarter of the previous year (excluding Solar sales¹).

For FY'16 as a whole, consolidated revenues reached 237.5 million Euros, a 32% increase (+17% at constant exchange rates), compared with 179.7 million Euros in FY'15.

Unaudited Q4 and 12-month revenues for FY'16, ending March 31, 2016

EUR 000s	Q4 14-15	Q4 15-16	Q/Q	Y/Y	12m 14-15	12m 15-16	Y/Y
200mm	41,854	42,463	-4%	1%	122,819	170,510	39%
300mm	16,226	17,995	37%	11%	44,559	53,597	20%
Royalties and IP	1,397	4,122	159%	195%	3,976	8,234	107%
Electronics	59,477	64,579	10%	9%	171,354	232,342	36%
Lighting	434	773	163%	78%	2,049	2,083	2%
Equipment	4,355	435	-73%	-90%	6,310	3,038	-52%
Others (Lighting/Equipment)	4,790	1,207	-37%	-75%	8,359	5,121	-39%
Consolidated revenues	64,267	65,787	8%	2%	179,713	237,462	32%
<i>Solar (discontinued activities)</i>	<i>4,600</i>	<i>353</i>	<i>-97%</i>	<i>-92%</i>	<i>43,163</i>	<i>22,465</i>	<i>-48%</i>

¹In line with management's decision to discontinue the Solar activities, consolidated revenues no longer reflect Solar sales, which are accounted for under discontinued operations.

Electronics Q4'16 revenues in line with forecasts

Revenues for the Electronics business reached 64.6 million Euros in the fourth quarter of FY'16. At constant exchange rates, this represents a 10% growth compared to Q3, or 7% compared with Q4 of the previous year.

In the fourth quarter, Soitec recorded a slight sequential decrease in revenues for its 200mm segment, but benefited from a strong increase in sales of 300mm wafers as well as a substantial increase in revenues from royalties and intellectual property.

- > The Electronics business continues to be strongly driven by demand for products in the **mobile (RF devices) and automotive (power)** markets. RF-SOI technology is particularly suited to smartphones, where needs are driven by the rising number of frequency bands and higher data speed requirements.

The Bernin site has continued to operate at full capacity as far as 200mm RF production is concerned. The slight decrease in 200mm revenues was caused by a product mix effect. In addition, in the third quarter, Soitec started volume manufacturing of 300-mm RF-SOI substrates to meet the needs of the growing 4G/LTE-Advanced mobile communications market.

- > In **digital applications**, even though partially depleted silicon-on-insulator (PD-SOI) products are approaching the end of their lifecycle, sales of 300mm wafers for PCs, games consoles and application-specific integrated circuits (ASICs) benefited from seasonality, recording a strong rise compared with the third quarter.

The qualification process by foundry customers for 300mm fully depleted silicon-on-insulator (FD-SOI) wafers is continuing, with a view to starting production by certain fabless customers; which has enabled Soitec to continue its first sales of integrated circuits made on 28nm FD-SOI.

- > **Royalties and intellectual property** generated revenues of 4.1 million Euros in Q4'16, compared with 1.6 million Euros in the preceding quarter.

For FY'16 as a whole, the Electronics business reported revenues of 232.3 million Euros, a 36% increase. At constant exchange rates, revenue growth was 20%, reflecting increases of 23% in sales of 200mm wafers, 7% in sales of 300mm wafers and 84% in royalties and intellectual property.

Other activities (Lighting and Equipment) generated revenues of 1.2 million Euros in Q4'16

Fourth quarter revenues for the Lighting and Equipment activities is made up of 0.8 million Euros for Lighting and 0.4 million Euros for Equipment (Altatech Semiconductor).

FY'16 revenues for Lighting and Equipment reached 5.1 million Euros, representing a 39% decrease compared with FY'15.

Sales in the Solar business, reported under "discontinued operations", reached 0.4 million Euros in Q4'16

Revenues in the Solar business are reported separately under "discontinued operations" in line with Soitec's decision to refocus on its Electronics business. Solar revenues amounted to 22.5 million Euros for FY'16 as a whole, compared with 43.2 million Euros for the previous year.

Significant progress made regarding the refocusing on the Electronics business segment

Regarding the Lighting business, Soitec has already announced having finalized the sale of its non-core R&D assets in Phoenix (USA) in the third quarter. During the month of March, Soitec contributed the assets enabling this business to operate to a joint-venture which was set up with a major player in the lighting sector. Soitec holds a minority interest in this joint-venture.

With regard to the Equipment business, Soitec announced that it sold its entire stake in Altatech Semiconductor for an undisclosed sum at the end of March 2016.

With regard to the Solar business, Soitec has ceased all manufacturing and R&D activities in San Diego (USA) and Freiburg (Germany) and is continuing to sell the residual assets of this business (sale of manufacturing equipment in the United States).

Proposed capital increases to strengthen the balance sheet

Given the size of its debt and its inadequate equity level, Soitec announced plans on February 10, 2016 for proposed capital increases of a total amount between 130 million and 180 million Euros (including 76.5 million Euros through reserved capital increases). These plans would enable Soitec to strengthen its balance sheet and establish a long-term shareholder base, in order to promote the widespread adoption of FD-SOI technology.

Regarding the use of the funds raised, the amount allocated to capacity investments would be around 40 million Euros, which would be invested in FD-SOI wafer production at the Bernin site. The remainder of the funds raised would be used to repay loans maturing in May 2016, amounting to around 50 million Euros, and to strengthen the Group's balance sheet, notably by potential 2018 OCEANE bonds repurchase at favorable conditions for an amount between 40 million and 90 million Euros depending on market conditions.

Prospects

Having now refocused on its core Electronics business, Soitec's prospects appear encouraging.

For FY'16 (ending March 31), Soitec expects to report an EBITDA margin of around 15% for the Electronics business.

For FY'17, growth in demand for products used in RF and power applications should be strong, offsetting the effect of PD-SOI products reaching the end of their lifecycle. If that is the case, the aim for the Electronics business would be to achieve single-digit revenue growth at constant currencies and an EBITDA margin of around the same level as that reported for FY'16.

Regarding more specifically the first quarter of FY'17, Soitec expects its Electronics revenues approximately in line with those generated in the first quarter of FY'16 at constant exchange rates (i.e. a sequential decrease of around 15% compared with Q4'16).

In the longer term, the Group expects to benefit from the promising prospects resulting from the continuing adoption of FD-SOI in the semiconductor industry.

For more details on the objectives and trends for FY'17 and subsequent years, please refer to the items available in section 12 of the update to Soitec's 2014-2015 reference document filed with the French stock market authority (Autorité des Marchés Financiers) on March 7, 2016.

Paul Boudre, Soitec's CEO and Chairman of the Board, commented: *"Strong demand for RF and power applications in the mobile and automotive markets enabled our Electronics business to record a full-year growth of 20% excluding exchange rate effects. Having accelerated the process of refocusing on our core Electronics business, we are increasingly confident regarding the prospects resulting from the large-scale adoption of FD-SOI in the semiconductor industry. The implementation of our recapitalization plans will give us resources to increase our financial flexibility while establishing a long-term shareholder base, in order to facilitate the widespread adoption of FD-SOI technology and support its industrial deployment."*

Agenda

Shareholders will be invited to meet at an Extraordinary General Meeting on second notice on April 29, 2016.

Given the current capital increase plans, the date of publication of the FY'16 results has not yet been decided.

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