FY'16 RESULTS

- **Operations refocused on Electronics**
- **Solid growth and improved profitability in Electronics**
- **Group current operating income in positive territory**
- **Steep reduction in the Group net loss**
- **May-June 2016: debt reduced significantly and equity base restored**
- **Outlook for FY'17: single-digit revenue growth and a stable EBITDA margin for Electronics**

Bernin, France, June 16, 2016 – Soitec (Euronext Paris), a world leader in generating and manufacturing revolutionary semiconductor materials, today announced its audited[1] FY'16 results.

"FY'16 was a pivotal year for Soitec. In keeping with the strategy we unveiled at the beginning of 2015, we successfully refocused on Electronics, our core business. We achieved strong momentum in this business, delivering both growth and profitability, with a 15% EBITDA margin, as expected. Sales of our products for RF and power electronics applications are expected to remain brisk, and so we are confident that our Electronics business will continue to produce profitable growth in FY'17", commented Paul Boudre, Chairman and Chief Executive Officer of Soitec.

"*We also achieved some crucial progress during the past year towards strengthening our balance sheet, which was a strategic priority. As we announced in February 2016, we recently completed the capital increases that enabled us to restore our financial flexibility while strengthening our shareholder structure. With a robust balance sheet and the resources we need to finance our growth investments, we are now in a position to capitalize on the promising outlook for FD-SOI and the development of consumer electronics markets*", he added.

[1] The audit procedures on the consolidated accounts have been performed. Auditors works for documentation are currently being finalized. The certification report will be issued after completion of the last verifications of the management report and the annex to the financial statements.

FY'16 sales and EBITDA in line with objectives

In accordance with the Group's decision in January 2015 to withdraw from Solar and Other activities, the related income and expenses are reported under Net result from discontinued operations below the operating income line. As a consequence, down to the Net result after tax from continuing operation line, the Group consolidated income now fully and exclusively reflects the Electronics segment activity and the Group's corporate functions expenses, unlike estimated FY'16 results. The FY'15 financial statements have thus been restated to ensure comparability with the FY'16 financial statements.

Consolidated FY'16 revenues came to 233.2 million Euros[2], a 35.9% increase (+21% at constant exchange rates), compared with the previous financial year. This growth was driven primarily by higher sales of 200mm wafers which rose by 23% at constant exchange rates, as Soitec reaped the benefit of brisk demand for radiofrequency and power electronics applications in the mobile and automotive markets. Sales of 300mm wafers recorded weaker growth (+7% at constant exchange rates) as certain products for the PC and gaming markets reached the end of their life cycle.

Stronger revenues lifted the overall FY'16 gross margin to 62.2 million Euros (or 26.7% of revenues) in FY'16, up from 26.6 million Euros (or 15.5% of revenues) in the previous financial year. This reflects the fact that the Bernin I plant (200mm wafers) was running at full capacity, despite the low level of capacity utilization (less than 25%) at the Bernin II facility (300mm wafers).

Net R&D expenses declined significantly to 16.7 million Euros or 7.1% of revenues, from 25.0 million Euros or 14.6% of revenues in the previous financial year since larger subsidies were recognized. While sales and marketing expenses remained almost stable, general and administrative expenses were reduced by 6.3% through savings measures. All in all, FY'16 selling, general and administrative expenses came to 23.2 million Euros or 10.0% of revenues, compared with 14.3% in the previous financial year.

FY'16 current operating income came to 22.4 million Euros, compared with a current operating loss of 22.9 million Euros in the previous financial year.

In FY'16, the EBITDA of the continuing operations (Electronics division) stands at 36.3 million Euros, or 15.6% of sales, in line with the 15% target. This compares with an EBITDA of 4.5 million Euros, or 2.6% of sales in FY'15.

[2] The slight difference from Electronic revenues figure published on April 13, 2016 (i.e. 232.3 million Euros for FY'16) is attributable to 0.8 million Euros previously consolidated in the Other segment. FY'15 figure was restated accordingly.

Group consolidated income statement

(in millions of Euros)	FY'16[1]	FY'15 restated	% change
Sales	**233.2**	**171.6**	**+35.9%**
Gross profit	**62.2**	**26.6**	**x 2.3**
As a % of sales	*26.7%*	*15.5%*	
Research and development expenses	(16.7)	(25.0)	-33.3%
Selling, general and administrative expenses	(23.2)	(24.5)	-5.4%
Current operating income/(loss)	**22.4**	**(22.9)**	
As a % of sales	*9.6%*	*(13.3%)*	

Group net income impacted by depreciation and discontinued operations

A net amount of 29.4 million Euros was recognized in other operating expenses in FY'16, mainly as a result of an impairment loss of 20.1 million Euros on non-current assets (industrial building in Singapore), advisory fees related to the restructuring launched at the beginning of the financial year and legal fees arising from an industrial property litigation in the United States. Including the impact of this non-recurring net operating expense, the operating loss totaled 7.0 million Euros, compared with an operating loss of 45.2 million Euros in the previous financial year.

The Group recorded net financial expense of 22.5 million Euros, compared with a charge of 11.5 million Euros in the previous financial year. Financial expense related to the OCEANE bonds (10.2 million Euros), bridging loans granted by the CEA, Shin Etsu Handotai and BPI (2.6 million Euros), and finance leases (1.3 million Euros) totaled 14.1 million Euros. Net loss after tax from continuing operations stood at 33.1 million Euros for FY'16 compared with 56.9 million Euros for FY'15.

The withdrawal from the Solar activities resulted in a significant reduction in the workforce, lower expenditure and asset disposals. In FY'16, Soitec has also withdrawn from operations previously consolidated in the Other segment (Lighting and Equipment, i.e. Altatech Semiconductor) - see section on the refocusing on Electronics. As a consequence, the Solar and Other segments' results were recognized under discontinued operations. The net loss from discontinued operations came to 38.6 million Euros (26.1 million Euros loss from Solar activities and 12.4 million Euros loss from Other Activities). The outstanding balance of provisions for restructuring set aside in March 2015 (23.6 million Euros for Solar activities) helped to cover net operating expenses. Net loss recorded in Solar mainly derived from the impact of exchange rate fluctuations.

Overall, Soitec recorded a net loss of 71.7 million Euros in FY'16, compared with a net loss of 258.7 million Euros in the previous financial year.

Group consolidated income statement

(in millions of Euros)	FY'16	FY'15 restated	% change
Current operating income/(loss)	**22.4**	**(22.9)**	
Other operating income and expense	(29.4)	(22.3)	
Operating income/(loss)	**(7.0)**	**(45.2)**	**-84.5%**
Net financial income/(expense)	(22.5)	(11.5)	
Income tax	(3.5)	(0.2)	
Net loss from continuing operations	**(33.1)**	**(56.9)**	**-41.8%**
Net loss from discontinued operations	**(38.6)**	**(201.8)**	**-80.9%**
Net loss (Group share)	**(71.7)**	**(258.7)**	**-72.3%**

Refocusing on Electronics operations virtually completed by March 31, 2016

In Lighting, Soitec finalized the sale of its non-core R&D activities located in Phoenix (United States) in the third quarter. In March 2016, the remaining Lighting assets and staff were transferred to a newly created joint venture, enabling this business to operate the business with a major player in the Lighting sector. Soitec holds a minority shareholding in this joint venture.

In Equipment, Soitec sold in late March 2016 its entire interest in Altatech Semiconductor (for an undisclosed amount).

In the Solar segment, Soitec has ceased all manufacturing and R&D activities in San Diego (USA) and Freiburg (Germany) and has continued to sell off residual assets, with the sale of four power plants and the industrial building in San Diego, the repayment of the loan that financed that building, and the sale of manufacturing equipment. Assets related to the Touwsrivier solar power plant in South Africa are classified as assets held for sale[3]. However, the security deposit relating to the South African bond issue remains classified in non-current financial assets of continuing operations.

[3] Soitec stresses that assets related to the Touwsrivier solar power plant in South Africa were classified as assets held for sale at end-March 2015 but had been reclassified at end-September 2015 in non-current financial assets under continuing operations owing to the delays likely in the completion of their sale.

Cash generation

In FY’16, net cash generated by operating activities was negative 12.5 million Euros. This broke down into an inflow of 20.4 million Euros generated by continuing operations, more than offset by the outflow of 32.9 million euros used by the Solar and Others activities.

The 7.3 million Euros in net cash used by investing activities related to continuing operations were thus covered by net cash generated by operating activities. In addition, the Group recorded 34.3 million Euros in proceeds from the sale of assets related to discontinued operations (including sale of the San Diego building, sale of manufacturing equipment at the San Diego and Freiburg sites and the sale of four solar power plants). All in all, the net cash generated by investing activities and asset disposals totaled 26.9 million Euros in FY’16.

In FY’16, Soitec arranged 65.4 million Euros in new short-term financing (including 54 million Euros of bridging loans due for repayment in May 2016) during May 2015. The financing included a finance lease of 11 million Euros, a loan of 30 million Euros from Shin Etsu Handotai (SEH), a major wafer supplier and longstanding shareholder in the company, a loan of 15 million Euros from Bpifrance Participations, another shareholder, and a loan of 9 million Euros from the CEA, Soitec’s technology partner.

During the period, Soitec repaid 23.0 million Euros in borrowings (including 11.9 million Euros relating to the partial repayment of bridging loans) and paid 9.3 million Euros in interest. Discontinued operations accounted for a total of 21.0 million Euros (including 16.3 million Euros related to the San Diego building) in repayments of borrowings.

Statement of cash flows

(in millions of Euros)	FY’16	FY’15 restated[1]
EBITDA	**(22.1)**	**(67.9)**
of which continuing operations	*36.3*	*4.5*
Net cash generated by operating activities	**(12.5)**	**(0.0)**
of which continuing operations	*20.4*	*36.2*
Cash flow generated by/(used in) investing activities	26.9	(28.9)
of which continuing operations	*(7.3)*	*(13.5)*
Net cash generated by/(used in) financing activities	12.4	(4.2)
of which continuing operations	*33.3*	*(6.6)*
Effects of exchange rate fluctuations	(0.7)	11.4
Change in net cash	26.2	(21.8)
of which continuing operations	*45.7*	*27.5*

Balance sheet

The Group's cash and cash equivalents improved in FY'16 from 22.9 million Euros at March 31, 2015 to 49.1 million at March 31, 2016. The main factor underpinning this improvement was the financing arranged with its partners and/or shareholders Shin Etsu Handotai (SEH), Bpifrance Participations, the CEA and Realta Leasing.

Financial debt excluding discontinued operations went up from 173.0 million Euros at March 31, 2015 to 219.0 million Euros at March 31, 2016. The Group's net debt increased over the financial year from 150.1 million Euros at March 31, 2015 to 169.9 million at March 31, 2016. Over the same period, Soitec's equity declined from 50.0 million Euros to negative 7.1 million Euros at March 31, 2016.

Recent changes in Soitec's financial position

Soitec stresses that it raised a gross amount of around 151.9 million Euros[4] in funds in the first quarter of FY'17 to strengthen its balance sheet and give the Group the financial resources it needs to cover its growth investments.

Funds totaling around 76.5 million Euros were raised through three increases in capital reserved for Bpifrance Participations, CEA Investissement[5] and NSIG Sunrise[6] on May 2, 2016, followed by a rights issue, which took place over the period from May 16 to May 30, 2016 and raised a gross amount of 75.4 million Euros, including the issue premium. Following this overall capital injection, Bpifrance, CEA Investissement, and NSIG Sunrise each hold a 14.5% shareholding in Soitec.

Using the funds raised plus a portion of its available cash, Soitec was able to redeem its borrowings maturing in May 2016 (around 50 million Euros, including a portion redeemed through the offset of receivables), buy back 2018 OCEANEs (around 60 million Euros out of the total initial issuance of 103 million Euros) and secure the resources it needs to fund investments in production capacity to manufacture FD-SOI at the Bernin site (around 40 million Euros).

Overall, the capital injection resulted in a significant reduction in Soitec's net debt to 18 million Euros pro forma at March 31, 2016 (compared with 170 million Euros at the end of FY'16) and boosted its equity base to 145 million Euros pro forma at March 31, 2016 (from negative 7 million Euros at the end of FY'16).

Outlook reiterated

For FY'17, growth in demand for products used in radio-frequency (RF) applications and power electronics applications (Power) should be robust and offset the effects arising from the end of the lifecycle of PD-SOI

[4] All in all, the capital injection increased the number of Soitec's shares outstanding to 606,040,745.

[5] In addition, CEA Investissement has the option of subscribing for additional shares by February 28, 2017 on the same terms and conditions as the other increases in capital completed on May 2, 2016, subject to a cap of 0.5% of the Company's share capital.

[6] Wholly-owned subsidiary of National Silicon Industry Group (NSIG)

products. Soitec is targeting a single-digit revenue growth rate for the Electronics business from FY'16 (at constant exchange rates) and an EBITDA margin[7] of the Electronics business of the same order as in FY'16.

More specifically for business trends in the first quarter of FY'17, Soitec expects revenues to be roughly in line with those generated in the first quarter of FY'16 in the Electronics business at constant exchange rates (i.e. a sequential decrease of approximately 15% compared with the fourth quarter of FY'16).

In the longer run, Soitec intends to capitalize on the promising outlook associated with the adoption of FD-SOI on a large scale in the semiconductor industry.

Agenda

Soitec's full-year management report will be available on its website in the course of this month
Its Q1 FY'17 revenues are due to be published mid-July 2016.

About Soitec

Soitec (Euronext, Paris) is a world leader in designing and manufacturing high performance semiconductor materials. The company uses its unique technologies to serve the electronics markets. With 3,600 patents worldwide, Soitec's strategy is based on disruptive innovation to respond to its customers' needs for high performance, energy efficiency and cost competitiveness. Soitec has manufacturing facilities, R&D centers and offices in Europe, US and Asia. For more information, please visit www.soitec.com.

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[7] EBITDA/revenues

Consolidated financial statements for 2015-2016 fiscal year

Consolidated income statement

(in €m)	Year ended March 31, 2016	Year ended March 31, 2015 restated
Sales	**233.2**	**171.6**
Cost of sales	(171.0)	(145.0)
Gross profit	**62.2**	**26.6**
Sales and marketing expenses	(5.5)	(5.7)
Research and development expenses	(16.7)	(25.0)
Solar power plant project development costs	-	-
General and administrative expenses	(17.7)	(18.9)
Current operating income/(loss)	**22.4**	**(22.9)**
Other operating income	-	2.3
Other operating expenses	(29.4)	(24.7)
Operating loss	**(7.0)**	**(45.2)**
Financial income	4.2	8.8
Financial expense	(26.7)	(20.3)
Financial income/(expense)	**(22.5)**	**(11.5)**
Loss before tax	**(29.5)**	**(56.7)**
Income tax	(3.5)	(0.2)
Net loss after tax from continuing operations	**(33.1)**	**(56.9)**
Net loss after tax from discontinued operations	**(38.6)**	**(201.8)**
Consolidated net loss for the period	**(71.7)**	**(258.7)**
Non-controlling interests	-	-
Net loss (Group share)	**(71.7)**	**(258.7)**

Balance sheet at March 31, 2016

Assets (in €m)	Year ended March 31, 2016	Year ended March 31, 2015 restated
Non-current assets :		
Goodwill and intangible assets	3.8	8.8
Capitalized development projects	1.9	2.2
Property, plant and equipment	120.6	156.7
Solar power plant projects	-	1.6
Deferred tax assets	-	-
Investments in associates	-	-
Non-current financial assets	8.9	5.7
Other non-current assets	24.7	29.0
Total non-current assets	**159.9**	**204.1**
Current assets:		
Inventories	30.9	33.1
Trade receivables	40.4	43.8
Other current assets	17.5	18.9
Current financial assets	1.4	1.3
Cash and cash equivalents	49.1	22.9
Total current assets	**139.4**	**120.0**
Assets held for sale	22.1	69.4
Assets from discontinued operations	3.8	-
Total assets	**325.1**	**393.5**

Liabilities and equity (in €m)	March 31, 2016	March 31, 2015
Equity:		
Share capital	23.1	23.1
Share premium	780.4	782.1
Treasury shares	(0.5)	(0.5)
Retained earnings	(816.3)	(737.5)
Other reserves	6.1	(17.3)
Group equity	**(7.1)**	**50.0**
Non-controlling interests		
Total equity	**(7.1)**	**50.0**
Non-current liabilities:		
Long-term financial debt	160.0	123.6
Deferred tax liabilities	-	-
Provisions and other non-current liabilities	14.1	17.5
Total non-current liabilities	**174.1**	**141.1**
Current liabilities:		
Short-term financial debt	59.0	49.5
Trade payables	42.6	52.3
Provisions and other current liabilities	40.1	83.9
Total current liabilities	**141.6**	**185.6**
Liabilities held for sale	-	16.9
Liabilities from discontinued operations	16.5	-
Total liabilities and equity	**325.1**	**393.5**

Statement of cash flows for the year ended March 31, 2016

(in M€)	FY'16	FY'15 restated
Net loss from continuing operations	(33.1)	(56.9)
Net loss from discontinued operations	(38.6)	(201.8)
Consolidated net loss for the period	**(71.7)**	**(258.7)**
Elimination of non cash items:		
Share of profit/(loss) of associates	0.2	1.4
(Reversal)/Impairment of investments in associates		
Depreciation and amortization expenses	24.0	32.6
Impairment charges and write-down of assets	20.9	20.2
Provisions, net	(1.3)	0.1
Provision for retirement indemnities	0.4	0.5
Loss on disposals of assets	(0.5)	(3.3)
Change in taxes	3.5	0.2
Financial result	22.5	11.5
Share-based payments	(0.2)	0.1
Impact of IFRIC 21 (included in operating income/(loss))		(0.5)
Non-cash items relating to discontinued operations	(20.0)	128.0
Total non cash items	**49.5**	**190.8**
Of which continuing operations	*69.3*	*61.4*
EBITDA	**(22.1)**	**(67.9)**
Of which continuing operations	*36.3*	*4.5*
Increase/(decrease) in cash in:		
Inventories	(5.2)	(3.0)
Trade receivables	(11.0)	6.5
Other receivables	(0.2)	5.2
Trade payables	(4.1)	15.2
Other liabilities	4.7	7.9
Variation in working capital of discontinued operations	25.6	36.1
Variation in working capital	**9.7**	**67.9**
Of which continuing operations	*(15.9)*	*31.8*
Net cash generated by operating activities	**(12.5)**	**(0.0)**
Of which continuing operations	*20.4*	*36.2*
Purchases of intangible assets	(0.8)	(0.7)
Purchases of property, plant and equipment	(8.1)	(7.5)
Proceeds from sales of intangible assets and property, plant and equipment	0.3	5.7
(Acquisition) and disposal of financial assets	1.2	(4.9)
Capital contribution to an equity-accounted company		(6.1)
Investment/disinvestment flows from discontinued operations	34.3	(15.4)
Net cash generated by/(used in) investing activities	**26.9**	**(28.9)**
Of which continuing operations	*(7.3)*	*(13.5)*

Proceeds from shareholders: share capital increases and exercise of stock options	(0.1)	83.7
ABSAAR buyback	(0.7)	
Issuance of debt	65.4	18.5
Drawing on credit lines	0.9	(12.3)
Repayment of borrowings (including finance leases)	(23.0)	(88.5)
Interest received	0.0	6.2
Interest paid	(9.3)	(14.0)
Financing flows from discontinued operations	(21.0)	2.3
Net cash generated by/(used in) financing activities	**12.4**	**(4.2)**
Of which continuing operations	*33.3*	*(6.6)*
Effects of exchange rate fluctuations	(0.7)	11.4
Change in net cash	**26.2**	**(21.8)**
Of which continuing operations	*45.7*	*27.5*
Cash at beginning of the period	22.9	44.7
Cash at end of the period	49.1	22.9