



SOITEC REPORTS FY'17 FOURTH QUARTER AND ANNUAL REVENUES

- Q4'17 revenues reached €70.5m, up 4% at constant exchange rates compared with Q4'16
- Sustained growth in Communication & Power 200-mm wafer sales compared with Q4'16
- Double-digit growth in 300-mm wafer sales versus Q4'16 – further strong pick up from Q3'17 after low point reached in Q2'17
- Total 200-mm and 300-mm wafer sales up 9% in Q4'17 vs Q4'16¹ at constant exchange rates
- FY'17 revenues reached €245.7m, up 4% at constant exchange rates

Bernin (Grenoble), France, April 19th, 2017 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced consolidated revenues of 70.5 million Euros for the fourth quarter of FY'17 (ended March 31st 2017), up 8% compared with 65.4 million Euros in the fourth quarter of FY'16. This represents a 4% increase at constant exchange rates. On a sequential basis, fourth quarter revenues were 10% higher at constant exchange rates than in the third quarter of FY'17.

Paul Boudre, Soitec's CEO and Chairman of the Board, commented: *“We delivered a solid performance in the fourth quarter, boosted by a surge in FD-SOI and Emerging SOI wafer sales. We end up our fiscal year with a 4% organic growth, which is in line with our expectations given the strong anticipated decline in PD-SOI products that we actually faced.”*

“Further significant milestones for our FD-SOI technology have been reached since early 2017, starting with GlobalFoundries plans to invest in 22FDX[®] 22nm FD-SOI capacity growth in Germany and China. Other announcements supporting the adoption of FD-SOI were made

¹ Excluding royalties and intellectual property revenues which were significantly lower in Q4'17 than in Q4'16 due to a high basis of comparison in Q4'16

recently. This is the case of NXP, who will tap into FD-SOI technology for ultra-low power processors designed for IoT, home control and wearables but also for highly safe, reliable and scalable processors designed for automotive and industrial dedicated applications”, added Paul Boudre.

Comments on fourth quarter FY’17 sales by business line

Communication & Power

In the fourth quarter of FY’17, demand for both radiofrequency (RF-SOI) and power electronics (Power-SOI) products dedicated to the mobile and automotive markets respectively continued to drive the sales of 200-mm wafers whilst the sales of RF 300-mm wafers remained modest. The RF-SOI substrates product line (SOI for radio-frequency applications) continues to be driven by the growing needs for smartphones, as it helps coping with the rising number of frequency bands and higher data speed requirements to meet 4G/LTE-Advanced mobile communications.

Digital

In the digital segment, the fourth quarter of FY’17 revenues related to PD-SOI 300-mm wafers (partially depleted silicon-on-insulator for ASICs, servers and networking applications) remained at the same residual level that had already been reached in the third quarter of FY’17.

Revenues from FD-SOI wafers (fully depleted silicon-on-insulator for digital mobile and low power applications such as smartphones, automotive, consumer electronics, Internet-of-Things) have further increased but continued to mostly reflect the ongoing qualification process at some foundries with their fabless customers.

In the meantime, sales of SOI substrates for emerging applications, such as Silicon Photonics and Imagers, enjoyed a solid growth.

Fourth quarter FY’17 consolidated sales

	Q4’16	Q4’17	Q4’17/Q4’16 (annual change)	
(Euros thousands)			%	% at cst FX
200-mm	42,463	47,215	+11%	+7%
300-mm	17,995	21,266	+18%	+14%
Royalties and IP	4,975	2,026	-59%	-61%
Total revenues	65,432	70,506	+8%	+4%

Excluding revenues from royalties and intellectual property, total 200-mm and 300-mm wafer sales were up 9% in the fourth quarter of FY'17 at constant exchange rates compared with the fourth quarter of FY'16¹.

200-mm wafer sales

Sales of 200-mm wafers (67% of total sales) went up 7% at constant exchange rates in the fourth quarter of FY'17 compared with the fourth quarter of FY'16¹. This is essentially reflecting an increase in the volume of RF-SOI and Power-SOI wafers sold, which was made possible thanks to the improvement plan implemented at the Bernin I 200-mm production site during the first part of FY'17. The site continued to operate at full capacity in the fourth quarter of FY'17. The volumes produced at Bernin I were complemented by the sale of a few thousands 200-mm wafers produced by Simgui's manufacturing facility in Shanghai, using Soitec's proprietary Smart Cut™ technology. On a sequential basis, sales of 200-mm wafers however declined by 3% at constant exchange rates compared to the third quarter of FY'17 due to a slightly different product mix.

300-mm wafer sales

Sales of 300-mm wafers in the fourth quarter of FY'17 (30% of total sales) were up 14% at constant exchange rates compared with the fourth quarter of FY'16. This is the result of combination of:

- a sharp but anticipated decline of the PD-SOI product line;
- a higher level of sales of FD-SOI products;
- an increase in other 300-mm products, in particular new Emerging SOI products for digital applications.

On a sequential basis, 300-mm wafer sales of the fourth quarter of FY'17 were 57% higher at constant exchange rates compared to the third quarter of FY'17, confirming the expected strong rebound at the Bernin II 300-mm production site. This rebound, which had already started to materialize in the third quarter of FY'17 after the low point reached in the second quarter of FY'17, is due to an increase in sales of FD-SOI products as well as other 300-mm products, in particular RF 300-mm products and new Emerging SOI products.

Royalties and intellectual property

Revenues from royalties and intellectual property (3% of total sales) reached 2.0 million Euros in the fourth quarter of FY'17, compared with the exceptionally high level of 5.0 million Euros recorded in the fourth quarter of the previous fiscal year. This represents a 61% drop at constant exchange rates.

Annual FY'17 consolidated sales

(Euros thousands)	12m'16	12m'17	12m'17/12m'16	
			%	% at cst FX
200-mm	170,510	182,495	+7%	+6%
300-mm	53,596	56,663	+6%	+5%
Royalties and IP	9,087	6,551	-28%	-29%
Total revenues	233,194	245,709	+5%	+4%

For FY'17 as a whole, annual revenues reached 245.7 million Euros. Compared with FY'16¹, they were up 5% on a reported basis and up 4% at constant exchange rates, in line with expectations.

Key events since the beginning of 2017

Ramp-up of 200-mm China manufacturing

Early March 2017, Soitec announced the beginning of the ramping-up of the production of 200-mm SOI wafers at Simgui's Shanghai-based manufacturing facility in using Soitec's proprietary Smart Cut technology. Simgui's site has now been fully qualified by Soitec key customers. This is a significant milestone for Soitec in managing its worldwide manufacturing capacity to meet market demand for 200-mm SOI wafers. Additional customers are currently in the process of qualifying the wafers. Producing the wafers in China has been a key objective of the licensing and technology-transfer agreement signed in May 2014 by Soitec and its Chinese partner. It validates Smart Cut as a standard process. This wafer production line in China will boost the industrial manufacturing capacity of 200-mm SOI wafers to meet increasing worldwide usage and also will be a key element in establishing the SOI ecosystem in China.

End of patent lawsuit with SiGen

At the end of March 2017, Soitec and Silicon Genesis Corporation (SiGen) have successfully brought to an end their dispute regarding the importation and sale in the United States of certain silicon-on-insulator (SOI) wafers (see *press releases dated October 21, 2016 and March 29, 2017*). Both companies have agreed to dismiss all pending litigations including the proceedings in front of the U.S. International Trade Commission (USITC). This agreement reinforces Soitec's intellectual property position and allows the company to better serve and protect Soitec's customers and business partners.

Outlook

On the basis of the level of sales achieved in the fourth quarter of FY'17, Soitec expects its FY'17 EBITDA margin² in Electronics to reach a minimum level of 16.5%.

Regarding its first quarter of FY'18 sales, Soitec expects growth to be at least 20% at constant exchange rates compared to the first quarter of FY'17.

Agenda

FY'17 results are due to be published on June 14th, 2017.

About Soitec

Soitec (Euronext, Tech 40 Paris) is a world leader in designing and manufacturing innovative semiconductor materials. The company uses its unique technologies and semiconductor expertise to serve the electronics markets. With more than 3,000 patents worldwide, Soitec's strategy is based on disruptive innovation to answer its customers' needs for high performance, energy efficiency and cost competitiveness. Soitec has manufacturing facilities, R&D centers and offices in Europe, the U.S. and Asia.

Soitec and Smart Cut are registered trademarks of Soitec.

For more information, please visit www.soitec.com and follow us on Twitter: @Soitec_EN

Investor Relations:

Steve Babureck
+33 (0)6 16 38 56 27
+1 858 519 6230
steve.babureck@soitec.com

Media Contact:

Camille Dufour
+33 (0)6 79 49 51 43
camille.dufour@soitec.com

Isabelle Laurent
+33 (0)1 53 32 61 51
isabelle.laurent@ddbfinancial.fr

Fabrice Baron
+33 (0)1 53 32 61 27
fabrice.baron@ddbfinancial.fr

² EBITDA/revenues

#

Appendix

Quarterly sales (Euros thousands)	Q1		Q2		Q3		Q4		FY	
	'16	'17	'16	'17	'16	'17	'16	'17	'16	'17
200-mm	40,798	42,677	43,030	44,706	44,219	47,896	42,463	47,215	170,510	182,495
300-mm	11,790	11,355	10,715	10,676	13,097	13,366	17,995	21,266	53,596	56,663
Royalties and IP	1,467	1,405	1,053	1,314	1,593	1,806	4,975	2,026	9,087	6,551
Total revenues	54,055	55,437	54,799	56,697	58,908	63,068	65,432	70,506	233,194	245,709

Quarterly sales (vs previous year)	Q1		Q2		Q3		Q4		FY	
	change reported	change at cst FX	change reported	change at cst FX	change reported	change at cst FX	change reported	change at cst FX	change reported	change at cst FX
200-mm	+4.6%	+6.5%	+3.9%	+4.3%	+8.3%	+6.6%	+11.2%	+7.3%	+7.0%	+5.9%
300-mm	-3.7%	-1.9%	-0.4%	-0.0%	+2.1%	+0.4%	+18.2%	+14.0%	+5.7%	+4.6%
Royalties and IP	-4.2%	-2.5%	+24.8%	+25.2%	+13.4%	+11.6%	-59.3%	-60.7%	-27.9%	-28.7%
Total revenues	+2.6%	+4.4%	+3.5%	+3.8%	+7.1%	+5.4%	+7.8%	+4.0%	+5.4%	+4.3%