



SOITEC REPORTS FY'18 FOURTH QUARTER REVENUES

- Revenue growth increased in Q4'18, sales reaching €92m, up 42% at constant exchange rates compared with Q4'17
- Communication & Power 200-mm wafer sales increased by 14% at constant exchange rates compared with Q4'17
- 300-mm wafer sales nearly doubled at constant exchange rates versus Q4'17, with a strong momentum across all product lines
- FY'18 revenues reached €311m, up 31% at constant exchange rates compared with FY'17, significantly above guidance thanks to the strong performance achieved in Q4'18
- FY'18 Electronics EBITDA¹ margin² now expected well above 25% versus previous guidance at around 25%

Bernin (Grenoble), France, April 18th, 2018 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced consolidated revenues of 91.7 million Euros for the fourth quarter of FY'18 (ended March 31st 2018), up 30% compared with 70.5 million Euros in the fourth quarter of FY'17. This represents a 42% increase at constant exchange rates. On a sequential basis, fourth quarter FY'18 revenues were up 23% at constant exchange rates compared to the third quarter of FY'18.

For the full of FY'18, revenues reached 310.6 million Euros. Compared with FY'17, they were up 26%, or +31% at constant exchange rates, significantly above the sales growth of around 25% at constant exchange rates which was expected for the full year of FY'18.

¹ 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. This indicator is a non-IFRS quantitative measure used to measure the company's ability to generate cash from its operating activities. EBITDA is not defined by an IFRS standard and must not be considered an alternative to any other financial indicator.

² Electronics EBITDA margin = EBITDA from continuing operations / Sales.

Paul Boudre, Soitec's CEO, commented: *"We had a particularly strong fourth quarter which allows us to end up the fiscal year 2017-2018 with an annual revenue growth above 30% excluding currency impact. In Bernin, our 200-mm plant continues to operate at full capacity and our 300-mm plant reached more than 50% utilization rate in the fourth quarter thanks to a strong demand in FD-SOI, Imager-SOI, Photonics SOI and radiofrequency 300-mm wafers.*

This performance bodes well for the future as we continue to see significant increase in the SOI footprint in our key end-markets: smartphones, automotive, cloud infrastructure and Internet of Things" added Paul Boudre.

Fourth quarter FY'18 business review by business unit

Communication & Power

In the fourth quarter of FY'18, 200-mm wafer sales – radiofrequency (RF-SOI) and power electronics (Power-SOI) products – have shown additional incremental growth compared to the third quarter of FY'18, whilst RF 300-mm wafer sales have gained further momentum.

Particularly well suited for smartphones' switch and antenna tuners, RF-SOI helps coping with the rising number of frequency bands and higher data speed requirements of mobile communications. RF-SOI content is increasing significantly as more antennas are needed to boost data rate. In the meantime, the deployment of LTE Advanced Pro (4G+) requires greater RF complexity.

Demand for Power-SOI substrates remains strong as power conversion circuits are widely used in the automotive industry, but also, increasingly, in industrial, consumer and white goods applications.

Digital

In the digital business unit, revenues have risen significantly in the fourth quarter of FY'18 compared to third quarter of FY'18.

Sales of FD-SOI wafers (fully depleted silicon-on-insulator) have steadily grown quarter after quarter throughout FY'18. FD-SOI provides strong value across many applications. Traction is strong with designs going into various applications for automotive (ADAS, Infotainment, Radar/Lidar), for smartphones, IOT and Home (wireless communication, single chip SOC, Edge Computing / AI Processors, ISP for security cameras) and for the Cloud (cyber currency, blockchain processing).

Since the strong surge recorded in the first quarter of FY'18 in the level of sales of SOI substrates for emerging applications, sales of Imagers and Silicon Photonics remained at a high level throughout the year and even increased in the fourth quarter of FY'18.

Sales of Imager-SOI substrates are driven by strong activity in the image sensor segment. The solution based on SOI substrates provides the highest level of performance in 3D imaging for consumer application.

Sales of Photonics-SOI are supported by the demand for increasing data transmission speed in data centers. However, other applications such as phone infrastructure connecting base stations or high-speed connectivity between ADAS computing units in cars, could bring further potential to Photonics-SOI.

In the fourth quarter of FY'18, sales related to PD-SOI 300-mm wafers (partially depleted silicon-on-insulator) that are used for ASICs, servers and networking applications, benefitted from a usual positive seasonal effect to reach a slightly higher level than in the fourth quarter of last year.

Fourth quarter FY'18 consolidated sales (unaudited)

	Q4'17	Q4'18	Q4'18/Q4'17	
(Euros thousands)			%	% at cst FX
200-mm	47,215	49,136	+4%	+14%
300-mm	21,266	36,495	+72%	+88%
Royalties and IP	2,026	6,055	+199%	+227%
Total revenues	70,506	91,686	+30%	+42%

200-mm wafer sales enjoyed a strong double-digit growth at constant exchange rates in the fourth quarter of FY'18 compared to the fourth quarter of FY'17. In the meantime, 300-mm wafer sales have almost doubled compared to the fourth quarter of FY'17. This resulted in a further rebalancing of Soitec sales breakdown: indeed, 300-mm wafer sales rose from 30% of total sales in the fourth quarter of FY'17 to 40% of total sales in the fourth quarter of FY'18; consequently, the proportion of 200-mm wafer sales went down from 67% to 54% of total sales.

200-mm wafer sales

Sales of 200-mm wafers went up 14% at constant exchange rates in the fourth quarter of FY'18 compared with the fourth quarter of FY'17.

Demand for 200-mm wafers remained strong. Compared to the fourth quarter of FY'17, the increase in sales in the fourth quarter of FY'18 reflects slightly higher volumes as well as

positive combined mix and price effect. As the Bernin I 200-mm production site is operating at full capacity, the volume increase comes from the 200-mm wafers produced by Simgui's manufacturing facility in Shanghai, using Soitec's proprietary Smart Cut™ technology. These growing additional volumes from Simgui help Soitec to better meet market demand for 200-mm SOI wafers.

On a sequential basis, sales of 200-mm wafers rose by 2% at constant exchange rates compared to the third quarter of FY'18.

300-mm wafer sales

Sales of 300-mm wafers in the fourth quarter of FY'18 were up 88% at constant exchange rates compared with the fourth quarter of FY'17. This results from of a strong growth in sales of FD-SOI, Imager-SOI, Photonics-SOI and RF 300-mm wafers combined with a small increase in sales of PD-SOI product line.

On a sequential basis, 300-mm wafer sales of the fourth quarter of FY'18 were 50% higher at constant exchange rates than in the third quarter of FY'18. The capacity utilization rate of Bernin II 300-mm production site has further increased in the fourth quarter of FY'18, standing at more than 50%, ahead of the around 50% rate which was expected towards the end of FY'18 / early FY'19.

Royalties and intellectual property

Revenues from royalties and intellectual property (7% of total sales) reached 6.1 million Euros in the fourth quarter of FY'18, compared with 2.0 million Euros recorded in the fourth quarter of the previous fiscal year. This strong surge is partly due to revenue related to the completion of a technology transfer service provided to Simgui, Soitec's Chinese subcontractor and distributor in China. It is also due to the recognition of remaining revenue related to a no longer used license which was sold to a customer in 2011 and for which a recognition over a period of 10 years was initially applied.

Full year FY'18 consolidated sales (unaudited)

(Euros thousands)	FY'17	FY'18	FY'18/FY'17	
			%	% at cst FX
200-mm	182,495	192,413	+5%	+9%
300-mm	56,663	106,300	+88%	+95%
Royalties and IP	6,551	11,918	+82%	+89%
Total revenues	245,710	310,631	+26%	+31%

For the full of FY'18, revenues reached 310.6 million Euros, up 31% at constant exchange rates compared with FY'17.

200-mm wafer sales were up 9% at constant exchange rates compared to FY'17 while 300-mm wafer sales were up 95% at constant exchange rates.

Outlook

Based on the strong sales performance achieved in the fourth quarter of FY'18, Soitec now expects FY'18 Electronics EBITDA¹ margin² to be well above 25% against a guidance of around 25% previously stated.

Disclaimer

This document was prepared by Soitec (the "Company") on April 18th, 2018 in connection with the announcement of the sales figures of the fourth quarter of FY'18.

This document is provided for information purposes only. It is public information only.

The Company's business operations and financial position is described in the Company's Document de Référence 2016-2017 registered by the Autorité des marchés financiers (the "AMF") on July 4th, 2017 under visa D.17-0720 (the "Document de Référence") and in the Company's FY'18 half-year report released on November 29th, 2017. Copies of the Document de Référence and of the FY'18 half-year report are available in French and English languages through the Company and may also be consulted and downloaded on the AMF's website (www.amf-france.org) and on the Company's website (www.soitec.com).

Your attention is drawn to the risk factors described in Chapter 4 of the Document de Référence. A review of these risks factors has been conducted after closing of FY'18 first half and no new risk was found. This document contains summary information and should be read in conjunction with the Document de Référence and the FY'18 half-year report. In the event of a discrepancy between this document and the Document de Référence or the FY'18 half-year report, the Document de Référence or, as the case may be, the FY'18 half-year report, shall prevail.

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Agenda

FY'18 results are due to be published on June 13th, 2018, after market close.

The annual shareholders' general meeting will be convened on July 26th, 2018, at the headquarters' office.

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.

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Soitec is a French joint-stock corporation with a Board of Directors (Société Anonyme à Conseil d'administration) with a share capital of € 62,762,070.50, having its registered office located at Parc Technologique des Fontaines - Chemin des Franques - 38190 Bernin (France), and registered with the Grenoble Trade and Companies Register under number 384 711 909.

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Appendix

Consolidated sales (Q3 and Q4 FY'18 unaudited)

Quarterly sales (Euros thousands)	Q4		Q1		Q2		Q3		Q4	
	'16	'17	'17	'18	'17	'18	'17	'18	'17	'18
200-mm	42,463	47,215	42,677	46,534	44,706	47,389	47,896	49,355	47,215	49,136
300-mm	17,995	21,266	11,355	21,124	10,676	23,743	13,366	24,938	21,266	36,495
Royalties and IP	4,975	2,026	1,405	1,973	1,314	2,214	1,806	1,677	2,026	6,055
Total revenues	65,432	70,506	55,437	69,630	56,697	73,345	63,068	75,969	70,506	91,686

Quarterly sales (vs previous year)	Q4'17		Q1'18		Q2'18		Q3'18		Q4'18	
	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	+11.2%	+7.3%	+9.0%	+5.6%	+6.0%	+7.1%	+3.0%	+8.8%	+4.1%	+13.9%
300-mm	+18.2%	+14.0%	+86.0%	+80.2%	+122.4%	+124.8%	+86.6%	+97.1%	+71.6%	+87.8%
Royalties and IP	-59.3%	-60.7%	+40.4%	+36.1%	+68.4%	+70.2%	-7.2%	-2.0%	+198.9%	+227.0%
Total revenues	+7.8%	+4.0%	+25.6%	+21.7%	+29.4%	+30.8%	+20.5%	+27.2%	+30.0%	+42.3%