



SOITEC REPORTS FY'19 FIRST QUARTER REVENUES

- Total revenues reached €92m, up 41% at constant exchange rates compared with Q1'18
- 200-mm wafer sales increased by 16% at constant exchange rates compared with Q1'18
- 300-mm wafer sales doubled at constant exchange rates versus Q1'18
- FY'19 sales guidance and Electronics EBITDA¹ margin² guidance unchanged at above +35% at constant exchange rates and around 27% respectively

Bernin (Grenoble), France, July 18th, 2018 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced consolidated revenues of 91.9 million Euros for the first quarter of FY'19 (ended June 30th, 2018), up 32% compared with 69.6 million Euros in the first quarter of FY'18. This represents a 41% increase at constant exchange rates.

On a sequential basis, first quarter FY'19 revenues were stable at constant exchange rates compared to the fourth quarter of FY'18 but showed a 5% growth at constant exchange rates excluding royalties and intellectual property which benefited from one-off revenues in the fourth quarter of FY'18.

Paul Boudre, Soitec's CEO, commented: ***“As expected, we had a good start of our fiscal year 2018-2019 with more than 40% revenue growth excluding currency impact, thanks in particular to a strong increase in FD-SOI and RF-SOI 300-mm wafer sales. We have thus***

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, excluding income on asset disposals. 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.

further rebalanced our revenues between 200-mm and 300-mm. In the meantime, the utilization rate of our Bernin II 300-mm plant continues to rise. Lastly, the success and the favourable terms of our recent convertible bond issue illustrate the confidence shown in Soitec's prospects and strengthen our ability to finance the investments needed to support the growth in our markets."

First quarter FY'19 business review by business unit

Communication & Power

Sales of products for radiofrequency and power electronics applications have been growing quarter after quarter. In the first quarter of FY'19, 200-mm wafer sales (RF-SOI and Power-SOI) showed further incremental growth at constant exchange rates compared to the fourth quarter of FY'18, whilst RF-SOI 300-mm wafer sales recorded a particularly strong surge.

Especially 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. Foundries continue to increase RF-SOI capacity in 300mm to complement offering in 200mm and some RF components such as LNA (Low Noise Amplifier), which combine antenna switch and power amplifier, can benefit from more advanced processes available in 300mm.

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, FY'19 first quarter revenues were significantly higher than in the first quarter of FY'18, although slightly down compared to the fourth quarter of FY'18, which reflected in particular the usual positive fourth quarter seasonal effect in sales related to PD-SOI wafers (partially depleted silicon-on-insulator) that are used for ASICs, servers and networking applications.

Sales of FD-SOI wafers (fully depleted silicon-on-insulator) have grown steadily, quarter after quarter, since the first quarter of FY'18 and have shown another substantial increase in the first quarter of FY'19. FD-SOI provides strong value across many applications such as automotive (ADAS, Infotainment, Radar/ Lidar), smartphones, IOT and Home (wireless communication, single chip SOC, Edge Computing / AI Processors, ISP for security cameras) and the Cloud (cyber currency, blockchain processing).

The level of sales of Imagers and Silicon Photonics was a bit lower than in the fourth quarter of FY'18 which enjoyed particularly strong sales. They remained however at a good level: Imager-SOI substrates provide the highest level of performance in 3D imaging for consumer application and Photonics-SOI sales continue to be supported by the demand for increasing data transmission speed in data centers.

First quarter FY'19 consolidated sales (unaudited)

	Q1'18	Q1'19	Q1'19/Q1'18	
(Euros thousands)			%	% at cst FX
200-mm	46,534	50,889	+9%	+16%
300-mm	21,124	39,335	+86%	+98%
Royalties and IP	1,973	1,714	-13%	-8%
Total revenues	69,630	91,938	+32%	+41%

Compared to the first quarter of FY'18, 200-mm wafer sales enjoyed a strong double-digit growth at constant exchange rates whereas 300-mm wafer sales have doubled. This resulted in a further rebalancing of Soitec sales breakdown: 300-mm wafer sales rose from 30% of total sales in the first quarter of FY'18 to 43% of total sales in the first quarter of FY'19; consequently, the proportion of 200-mm wafer sales went down from 67% to 55% of total sales.

200-mm wafer sales

Sales of 200-mm wafers went up 16% at constant exchange rates in the first quarter of FY'19 compared with the first quarter of FY'18. This reflects a combination of higher volumes, a more favorable product mix as well as price increases. Higher volumes mainly came from the 200-mm wafers produced by Simgui's manufacturing facility in Shanghai, using Soitec's proprietary Smart Cut™ technology. In the meantime, strong demand and tight capacity allowed Soitec to focus on higher valued-added products. And, in a context of tight silicon wafers supply, Soitec has been able to pass on silicon bulk material price increases to its customers.

On a sequential basis, sales of 200-mm wafers rose by 3% at constant exchange rates compared to the fourth quarter of FY'18.

300-mm wafer sales

Sales of 300-mm wafers in the first quarter of FY'19 were up 98% at constant exchange rates compared with the first quarter of FY'18. This results from of a very strong surge in sales of FD-SOI and RF 300-mm wafers which are clearly now the two most important components of 300-

mm wafer sales. Sales of PD-SOI product line were stable. Sales of Imager-SOI were lower than in the first quarter of FY'18 which benefited from its first strong orders. Sales of Photonics-SOI were slightly up from the first quarter of FY'18.

On a sequential basis, 300-mm wafer sales of the first quarter of FY'19 were 8% higher at constant exchange rates than in the fourth quarter of FY'18. The capacity utilization rate of Bernin II 300-mm production site, which reached more than 50% in the fourth quarter of FY'18, has further increased in the first quarter of FY'19 thanks to higher volumes of both FD-SOI and RF 300-mm wafers.

Royalties and intellectual property

After the sharp increase recorded in the fourth quarter of FY'18 at 6.1 million Euros and which was due to one-off events, revenues from royalties and intellectual property went back to a more normal level at 1.7 million Euros, representing 2% of the quarter total sales. This compares to 2.0 million Euros achieved in the first quarter of FY'18.

Key events since the beginning of FY'19

Soitec raised 150 million Euros through the successful completion of a new OCEANE issue

On June 21st, 2018, Soitec seized the opportunity to raise 150 million Euros on favorable terms. It successfully placed OCEANEs (bonds convertible into and/or exchangeable for new or existing ordinary shares) by way of a private placement to institutional investors for a nominal amount of 150 million Euros. The bonds were issued at par on June 28th, 2018. They bear no interest (zero-coupon) and are redeemable at par on June 28th, 2023. The nominal value per bond was set at 104.47 Euros, corresponding to a premium of 37.5% over Soitec reference share price³. At the time of the issuance, short-term bank loans in a principal amount of approximately 30 million Euros have been repaid in full together with interest accrued. The remaining proceeds will bolster Soitec's ability to finance the investments it needs to meet the growing demand for its latest product generations.

Leti and Soitec launched a new substrate innovation center to develop engineered substrate solutions

On July 10th, 2018, Leti, a research institute of CEA Tech, and Soitec announced a new collaboration and five-year partnership agreement to drive the R&D of advanced engineered substrates, including SOI and beyond. This agreement brings the historical Leti-Soitec partnership

³ The reference share price is equal to the volume-weighted average price of Soitec shares recorded on the regulated market of Euronext Paris from the start of trading on June 21st, 2018 until the determination of the final terms of the Bonds on the same day.

to a whole new dimension and includes the launch of a world-class prototyping hub associating equipment partners to pioneer with new materials.

New milestones reached in the adoption of FD technology by the ecosystem

On June 21st, 2018, Arm and Samsung Foundry announced the industry's first Embedded MRAM (eMRAM) compiler, which will be built on Samsung Foundry's 28FDS process technology.

On July 9th, 2018 Globalfoundries announced that its 22nm FD-SOI (22FDX®) technology has delivered more than two billion dollars of "client design win" revenue, representing more than 50 total client designs. Among Globalfoundries clients, Synaptics praises 22FDX technology for delivering a potent mix of low static and dynamic power along with excellent performance.

Outlook

Soitec reiterates the FY'19 guidance given on June 18, 2018. FY'19 sales are expected to grow by more than 35% at constant exchange rates. FY'19 Electronics EBITDA¹ margin² is expected to reach around 27%.

Disclaimer

This document was prepared by Soitec (the "Company") on July 18th, 2018 in connection with the announcement of the sales figures of the first quarter of fiscal year 2018-2019.

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 registration document de Référence 2017-2018 registered by the Autorité des marchés financiers (the "AMF") on June 18th, 2018 under visa D.18-0586 (the "Document de Référence"). Copies of the Document de Référence 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.

This document contains summary information and should be read in conjunction with the Document de Référence. In the event of a discrepancy between this document and the Document de Référence, the Document de Référence shall prevail.

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Agenda

The shareholders' annual general meeting is convened on July 26th, 2018, at 2.00 p.m. (CET) at the headquarters' office in Bernin.

Q2'19 sales figures are due to be published on October 17th, 2018, after market close.

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 (Q1 FY'19 unaudited)

Quarterly sales (Euros thousands)	Q1		Q2		Q3		Q4		Q1	
	'17	'18	'17	'18	'17	'18	'17	'18	'18	'19
200-mm	42,677	46,534	44,706	47,389	47,896	49,355	47,215	49,136	46,534	50,889
300-mm	11,355	21,124	10,676	23,743	13,366	24,938	21,266	36,495	21,124	39,335
Royalties and IP	1,405	1,973	1,314	2,214	1,806	1,677	2,026	6,055	1,973	1,714
Total revenues	55,437	69,630	56,697	73,345	63,068	75,969	70,506	91,686	69,630	91,938

Quarterly sales (vs previous year)	Q1'18		Q2'18		Q3'18		Q4'18		Q1'19	
	change reported	change at cst FX								
200-mm	+9.0%	+5.6%	+6.0%	+7.1%	+3.0%	+8.8%	+4.1%	+13.9%	+9.4%	+16.4%
300-mm	+86.0%	+80.2%	+122.4%	+124.8%	+86.6%	+97.1%	+71.6%	+87.8%	+86.2%	+98.2%
Royalties and IP	+40.4%	+36.1%	+68.4%	+70.2%	-7.2%	-2.0%	+198.9%	+227.0%	-13.1%	-7.5%
Total revenues	+25.6%	+21.7%	+29.4%	+30.8%	+20.5%	+27.2%	+30.0%	+42.3%	+32.0%	+40.5%