



SOITEC REPORTS FY'19 THIRD QUARTER REVENUES

- Q3'19 revenues reached €117m, up 50% at constant exchange rates and perimeter¹ compared with Q3'18
- 200-mm wafer sales increased by 20% at constant exchange rates compared with Q3'18
- 300-mm wafer sales up 114% at constant exchange rates versus Q3'18
- First nine months of FY'19 revenues reached €304m, up 41% at constant exchange rates and perimeter¹ compared with the first nine months of FY'18
- FY'19 sales growth guidance upgraded to well above +35% at constant exchange rates and perimeter¹
- FY'19 Electronics EBITDA² margin³ guidance confirmed at around 30%

Bernin (Grenoble), France, January 21st, 2019 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced consolidated revenues of 116.8 million Euros for the third quarter of FY'19 (ended December 31st, 2018), up 53.7% compared with 76.0 million Euros in the third quarter of FY'18. This reflects a 50.0% growth at constant exchange rates and perimeter¹ as well as a slightly negative currency impact of -1.5% and a scope effect of +5.2% related to the acquisitions of Frec|n|sys in October 2017 and Dolphin Integration assets in August 2018.

Sequentially, third quarter FY'19 revenues were up 23.0% on a reported basis and up 19.4% at constant exchange rates and perimeter¹ compared to the second quarter of FY'19.

¹ At constant exchange rates and comparable scope of consolidation; scope effects relate to the acquisitions of Frec|n|sys in October 2017 and Dolphin Integration assets in August 2018, both included in the segment Royalties and other revenues.

² The EBITDA represents the operating income (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. The impact in equity of the first time application of IFRS 15 is included in EBITDA. This alternative indicator of performance 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.

³ Electronics EBITDA margin = EBITDA from continuing operations / Sales.

Paul Boudre, Soitec's CEO, commented: ***“We achieved another particularly strong performance in the third quarter. Growth continues to be supported by higher sales in both FD-SOI and RF-SOI 300-mm wafers. The increase in the content of SOI material within final electronic products continues to be the main driving force behind the growth in the demand for our highly performing wafers, whether in digital or in communication and power.”***

Third quarter FY'19 business review by business unit

Communication & Power

Sales of products for radiofrequency applications have been growing quarter after quarter as smartphones involve more and more RF-SOI content and greater RF complexity. Indeed, the demand for handling higher data transfer rates (especially for video files) is leading to the adoption of advanced communication protocols which are requiring more Antenna Tuners, more Switches, more LNAs (Low Noise Amplifiers) and more Power Amplifiers in every latest generation smartphone.

Sales of RF-SOI 200-mm wafers have further increased in the third quarter of FY'19. However, compared to the third quarter of FY'18, the surge in sales of RF-SOI wafers has been mainly driven by RF-SOI 300-mm wafers that are suitable for more advanced processes. Soitec is benefitting from the strong adoption of its 300-mm RF-SOI wafers by several Tier 1 foundries providing solutions for most advanced 4G - LTE standards, as well as first 5G and Sub-6GHz devices serving new generations of IoT, mobile and telecommunications infrastructure.

As in previous quarters, third quarter FY'19 sales of Power-SOI products continue to be higher than in the same period last year. Power-SOI wafers enable high reliability, energy-efficiency and cost-effectiveness in transceiver integrated circuits for the automotive industry, industrial applications as well as for consumer and white goods.

Digital

In the third quarter of FY'19, the growth in sales of wafers for digital applications proved stronger than the growth recorded in sales of wafers dedicated to communication and power applications, both on a year-on-year and on a sequential basis, with a strong performance achieved in every digital 300-mm product category.

This was notably the case of FD-SOI wafers for application processors and connectivity system-on-chips (SoC). In the third quarter of FY'19, FD-SOI wafer sales have been maintained at a level close to the high level achieved in the previous quarter. This represents an almost threefold increase compared to the third quarter of FY'18, with wafers delivered to several customers for products manufactured at the 65nm, 28nm and 22nm nodes.

This shows evidence of the sustained pace of adoption of the FD-SOI technology which provides strong value to many applications in automotive, IoT smart home devices and first chips used in 5G communication.

Sales of Imager-SOI substrates, which were low in the second quarter of FY'19 due to inventory management, have bounced back a little in the third quarter of FY'19. Imager-SOI substrates provide high level performance in 3D imaging for consumer applications.

The level of Photonics-SOI sales has increased in the third quarter of FY'19 compared to the second quarter of FY'19 but remains lower than in the third quarter of FY'18 which represented a high basis of comparison. The supply of Photonics-SOI wafers for silicon-based optical transceivers is supported by the demand for increasing data transmission speed and cost-effective optical transmissions required for the new generation of data centers and telecommunication networks.

Sales related to PD-SOI wafers, Soitec's legacy digital technology that is still used for ASICs, servers and networking applications, are significantly higher in the third quarter of FY'19 than in the second quarter of FY'19. This represents an almost twofold increase compared to the third quarter of FY'18.

Third quarter FY'19 consolidated sales (unaudited)

| | Q3'18 | Q3'19 | Q3'19/Q3'18 | |
|------------------------------|---------------|----------------|------------------------|---|
| (Euros thousands) | | | <i>change reported</i> | <i>chg. at const. exch. rates and perimeter¹</i> |
| 200-mm | 49,355 | 58,747 | +19% | +20% |
| 300-mm | 24,938 | 52,775 | +112% | +114% |
| Royalties and other revenues | 1,677 | 5,246 | +213% | -22% |
| Total revenues | 75,969 | 116,768 | +54% | +50% |

Compared to the third quarter of FY'18, 200-mm wafer sales enjoyed a 20% growth at constant exchange rates, whereas 300-mm wafer sales have more than doubled. This resulted in a further rebalancing of Soitec wafer sales breakdown: 300-mm wafer sales rose from 34% of total wafer sales in the third quarter of FY'18 to 47% of total wafer sales in the third quarter of FY'19; consequently, the proportion of 200-mm wafer sales went down from 66% to 53% of total wafer sales.

200-mm wafer sales

In the third quarter of FY'19, sales of 200-mm RF-SOI and Power-SOI wafers rose 20% at constant exchange rates, compared with the third quarter of FY'18. Driven by both RF-SOI and Power-SOI wafers sales, this increase reflects higher volumes as well as a more favorable combined product mix and price effect.

Bernin I production site has been operating at full capacity in the third quarter of FY'19. Additional volumes sold came from the increasing production of 200-mm wafers outsourced to Simgui, Soitec's Chinese partner who is using Soitec's proprietary Smart Cut™ technology in its manufacturing facility in Shanghai. The additional output from Simgui represented around 15% of the total 200-mm volumes sold by Soitec in the third quarter FY'19, helping Soitec to better meet customers demand for 200-mm SOI wafers.

On a sequential basis, third quarter FY'19 sales of 200-mm wafers were 14% higher at constant exchange rates than in the second quarter of FY'19.

300-mm wafer sales

In the third quarter of FY'19, sales of 300-mm wafers were up 114% at constant exchange rates compared with the third quarter of FY'18. This essentially comes from much higher volumes, but also, to a lesser extent, from a better combined product mix and price effect. By product type, the sales increase reflects a very strong surge in sales of both FD-SOI and RF-SOI 300-mm wafers which are the two most important components of 300-mm wafer sales. Sales of both Imager-SOI and Photonics-SOI were more or less at the same level as in the third quarter of FY'18. Sales of PD-SOI product line were significantly higher than in the third quarter of FY'18.

On a sequential basis, 300-mm wafer sales were 27% higher at constant exchange rates in the third quarter of FY'19 than in the second quarter of FY'19. The capacity utilization rate of Bernin II 300-mm production site has further increased during the third quarter of FY'19 and now stands at around 80%.

Royalties and other revenues

Total Royalties and other revenues reached 5.2 million Euros in the third quarter of FY'19 compared to 1.7 million Euros in the third quarter of FY'18.

Revenues from royalties and intellectual property reached 1.3 million Euros in the third quarter of FY'19, down 22% at constant exchange rates compared to 1.7 million Euros achieved in the third quarter of FY'18.

Other revenues, amounting to 4.0 million Euros, essentially came from the first consolidation of Dolphin Integration assets, an industry recognized provider of semiconductor design, silicon IP and SoC solutions for low power applications. The acquisition took place in August 2018.

First nine months FY'19 consolidated sales (unaudited)

| (Euros thousands) | 9m'18 | 9m'19 | 9m'19/9m'18 | |
|------------------------------|----------------|----------------|------------------------|---|
| | | | <i>change reported</i> | <i>chg. at const. exch. rates and perimeter¹</i> |
| 200-mm | 143,277 | 160,786 | +12% | +16% |
| 300-mm | 69,805 | 133,371 | +91% | +97% |
| Royalties and other revenues | 5,863 | 9,508 | +62% | -22% |
| Total revenues | 218,945 | 303,664 | +39% | +41% |

In the first nine months of FY'19, revenues reached 303.7 million Euros, up 41% at constant exchange rates and perimeter¹ compared with the first nine months of FY'18.

200-mm wafer sales were up 16% at constant exchange rates compared to the first nine months of FY'18 while 300-mm wafer sales were up 97% at constant exchange rates.

Outlook

Taking into account the strong performance achieved in the third quarter, Soitec is upgrading its FY'19 sales growth guidance from above 35% to well above 35% at constant exchange rates and perimeter¹.

In the meantime, Soitec is confirming its FY'19 Electronics EBITDA² margin³ guidance at around 30%.

Disclaimer

This document was prepared by Soitec (the “Company”) on January 21st, 2019 in connection with the announcement of the sales figures of the third 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 2017-2018 registered by the Autorité des marchés financiers (the “AMF”) on June 18th, 2018 under visa D.18-0586 (the “Document de Référence”) and in the Company’s FY’19 half-year report released on November 28th, 2018. Copies of the Document de Référence and of the FY’19 half-year report are available in French and English languages through the Company and may also be consulted and downloaded on the Company’s website (www.soitec.com). The Document de Référence is also available on the AMF’s website (www.amf-france.org).

Your attention is drawn to the risk factors described in Chapter 4 of the Document de Référence. A review of these risk factors has been conducted after the closing of FY’19 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’19 half-year report. In the event of a discrepancy between this document and the Document de Référence or the FY’19 half-year report, the Document de Référence or, as the case may be, the FY’19 half-year report, shall prevail.

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The Company’s actual financial position, results and cash flows, as well as the trends in the sector in which the Company operates may differ materially from those contained in this document. Furthermore, even if the Company’s financial position, results, cash-flows and the developments in the sector in which the Company operates were to conform to the forward-looking statements contained in this document, such elements cannot be construed as a reliable indication of the Company’s future results or developments.

The Company does not undertake any obligation to update or make any correction to any forward-looking statement in order to reflect an event or circumstance that may occur after the date of this document. In addition, the occurrence of any of the risks described in Chapter 4 of the Document de Référence may have an impact on these forward-looking statements.

This document does not constitute or form part of an offer or a solicitation to purchase, subscribe for, or sell the Company’s securities in any country whatsoever. This document, or any part thereof, shall not form the basis of, or be relied upon in connection with, any contract, commitment or investment decision.

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Agenda

Q4'19 sales are due to be published on April 17th, 2019 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 (Q3 FY'19 unaudited)

| Quarterly sales (Euros thousands) | Q3 | | Q4 | | Q1 | | Q2 | | Q3 | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | '17 | '18 | '17 | '18 | '18 | '19 | '18 | '19 | '18 | '19 |
| 200-mm | 47,896 | 49,355 | 47,215 | 49,136 | 46,534 | 50,889 | 47,389 | 51,150 | 49,355 | 58,747 |
| 300-mm | 13,366 | 24,938 | 21,266 | 36,495 | 21,124 | 39,335 | 23,743 | 41,261 | 24,938 | 52,775 |
| Royalties and other revenues | 1,806 | 1,677 | 2,026 | 6,055 | 1,973 | 1,714 | 2,214 | 2,547 | 1,677 | 5,246 |
| Total revenues | 63,068 | 75,969 | 70,506 | 91,686 | 69,630 | 91,938 | 73,345 | 94,957 | 75,969 | 116,768 |

| Quarterly sales (vs previous year) | Q3'18 | | Q4'18 | | Q1'19 | | Q2'19 | | Q3'19 | |
|---------------------------------------|-----------------|---|-----------------|---|-----------------|---|-----------------|---|-----------------|---|
| | change reported | chg. at const. exch. rates and perimeter ¹ | change reported | chg. at const. exch. rates and perimeter ¹ | change reported | chg. at const. exch. rates and perimeter ¹ | change reported | chg. at const. exch. rates and perimeter ¹ | change reported | chg. at const. exch. rates and perimeter ¹ |
| 200-mm | +3.0% | +8.8% | +4.1% | +13.9% | +9.4% | +16.4% | +7.9% | +10.6% | +19.0% | +20.2% |
| 300-mm | +86.6% | +97.1% | +71.6% | +87.8% | +86.2% | +98.2% | +73.8% | +78.0% | +111.6% | +113.7% |
| Royalties and other revenues | -7.2% | -2.0% | +198.9% | +227.0% | -13.1% | -7.5% | +15.1% | -26.2% | +212.9% | -22.4% |
| Total revenues | +20.5% | +27.2% | +30.0% | +42.3% | +32.0% | +40.5% | +29.5% | +31.3% | +53.7% | +50.0% |