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SOITEC ANNOUNCES THE CONVERSION OF PREFERRED SHARES INTO ORDINARY SHARES

Bernin (Grenoble), France, July 29th, 2019 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced the conversion of 256,796 preferred shares with a par value of €0.10 each (ISIN code FR0013423449) into 1,248,019 newly issued ordinary shares with a par value of €2.00 each (the “Ordinary Shares”). The fully paid Ordinary Shares will be listed on Euronext Paris in the coming days under the ISIN code FR0013227113 and the “SOI” ticker code. The resulting outstanding share capital of Soitec amounts to €65,234,492.80. It is therefore now composed of 32,615,586 ordinary shares with a par value of €2.00 each and 33,208 preferred shares with a par value of €0.10 each.

Soitec reminds that the Combined Shareholders’ General Meeting held on April 11th, 2016 (on first notice) and on April 29th, 2016 (on second notice) authorized the Board of Directors to grant free preferred shares to certain employees and corporate officers. This plan was based on extremely ambitious targets and was implemented for a 3-year period. It was intended to collectively encourage its beneficiaries to pursue their efforts and align their interests with Soitec’s shareholders. Thus, as from July 26th, 2016, conditional rights attached to preferred shares were granted for free several times by the Board of Directors to Group employees and corporate officers.

Following the expiry of a 3-year period after the first allocations of such plan (which are representing the majority of the allocations), and further to the approval of the Company’s financial statements (for the fiscal year ended on March 31st, 2019) by the Shareholders’ General Meeting of last July 26th, the Board of Directors set the conversion ratio of the preferred shares into ordinary shares at its meeting on the same day. The conversion ratio was 50% based on the achievement of a certain level of the Group’s average consolidated EBITDA for the 2017-2018 and 2018-2019 fiscal years, and 50% based on the achievement of a certain level of the volume-weighted average of the stock market prices of the Company’s ordinary shares over the 30 trading days following the publication date of the last consolidated annual accounts, i.e. June 12th, 2019.

19 beneficiaries of such plan, owning 90% of the available Ordinary Shares, agreed to only consider the potential sale of such shares in an orderly manner. In particular, for a 6-month period, they would consider the potential sale of all or part of their Ordinary Shares via an off-market block sale or a private placement through an accelerated bookbuilding offering.

Paul Boudre, Soitec CEO stated: « ***The free preferred shares allocation plan that we implemented three years ago ended for the majority of the beneficiaries. Its outcome rewards the Group's spectacular turnaround to strong, profitable and sustainable growth.*** »

Confident in the relevance of our technologies to continue to bring value to the electronic systems of our end markets, we presented last month new perspectives for the next three years with ambitious objectives both in terms of growth and operational profitability. I am therefore particularly pleased that a new co-investment plan has just been authorized by our shareholders. It will give all Soitec employees, first and foremost the management team, the possibility to invest in the Company, hence to continue to be involved in its success and future performance. »

Medium-term perspectives

During its Capital Markets Day held in Paris on 13 June 2019, Soitec announced its medium-term objective. Soitec is targeting approximately €900 million revenues for the 2021-2022 financial year and an EBITDA margin of approximately 31%, based on a euro/dollar exchange rate of 1.13.

Soitec considers that its extended industrial facilities, if fully operated, would result in total revenues of approximately €1.4 billion and an EBITDA of approximately €450 million, equivalent to an EBITDA margin rate of approximately 32%, also based on a euro/dollar exchange rate of 1.13 (the sensitivity of EBITDA to a 10 cent change in the euro/dollar rate is estimated at €45 million).

Agenda

The sales for the second quarter of 2019-2020 will be published on October 15th, 2019, after market close.

About Soitec

Soitec (Euronext Paris) is an industry 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 3,500 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 €65,234,492.80, 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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