



Soitec reports Electronics sales for the third quarter of FY'16 up 6% at constant exchange rates on a sequential basis, in line with its expectations

- Q3'16 Electronics sales rose 37% year-on-year or 20% at constant exchange rates
- Consolidated revenues for the first nine months of FY'16 amounted to 171.7 million Euros, up 49% compared with the first nine months of FY'15

Bernin, France, January 20, 2016 – Soitec (Euronext Paris), a world leader in manufacturing innovative semiconductor materials, today announced total consolidated revenues of 60.8 million Euros for the third quarter of FY'16. This represented a rise of 36% (growth of 19% at constant exchange rates), compared with 44.6 million Euros in the previous financial year excluding the Solar activities¹.

In the first nine months of FY'16, revenues grew by 49% to 171.7 million Euros (growth of 27% at constant exchange rates), from 115.4 million Euros in the first nine months of FY'15.

Unaudited revenues for the third quarter and first nine months of FY'16 ending December 31, 2015

EUR 000s	Q3 14-15	Q3 15-16	Q/Q	Y/Y	9m 14-15	9m 15-16	Y/Y
150 - 200 mm	31,980	44,219	3%	38%	80,964	128,047	58%
300 mm	10,253	13,097	22%	28%	28,333	35,603	26%
Royalties	809	1,593	51%	97%	2,579	4,113	59%
Electronics (wafer sales)	43,042	58,909	8%	37%	111,877	167,763	50%
Lighting	333	294	-9%	-12%	1,615	1,310	-19%
Equipment	1,256	1,610	452%	28%	1,955	2,603	33%
Others (Lighting/Equipment)	1,589	1,904	209%	20%	3,570	3,913	10%
Consolidated revenues	44,631	60,813	10%	36%	115,446	171,676	49%
<i>Solar (discontinued)</i>	<i>3,369</i>	<i>11,945</i>	<i>121%</i>	<i>255%</i>	<i>38,563</i>	<i>21,839</i>	<i>-43%</i>

¹In line with management's decision to stop the Solar activities, consolidated revenues no longer reflect Solar sales, which are accounted for under discontinued operations.

Q3'16 Electronics sales in line with management guidance

Q3'16 wafer sales totaled 58.9 million Euros. At constant exchange rates, that represents an increase of 6% compared with Q2'16 and a 20% rise relative to Q3'15.

During Q3'16, Soitec saw a further increase in sales of 200mm wafers and an increase in 300mm wafers.

- › Sales continued to be driven by strong demand for products in the **mobile (RF devices) and automotive (power)** markets. In particular, the use of RF-SOI technology continues to increase in smartphones, where this technology fully meets the requirements dealing with the rising number of frequency bands and higher data speed requirements.

Soitec's order book at its 200mm site in Bernin is full until the end of calendar 2016. Nevertheless, Soitec should continue to support growth in RF applications by meeting demand for 300mm wafers, a segment in which it recorded its first sales in Q3'16. Available capacity at the Bernin site will enable Soitec to meet expected increase in demand for 300mm RF products in the next two years.

Soitec will also be able to start using the additional production capacity of its partner Simgui in China for 200mm technologies. Client qualification of Simgui's 200mm wafer plant is continuing and production at that plant is likely to ramp up over the next few quarters.

- › In **digital applications**, sales in the PC, games console and ASICs – 300mm partially depleted silicon-on-insulator (PD-SOI) wafers – saw an increase in Q3'16, due in particular to the delivery of a large order. Sales of PD-SOI wafers nevertheless reflect the end of the lifecycle of certain products.

The qualification process by foundry customers for 300mm fully depleted silicon-on-insulator (FD-SOI) wafers is continuing, with a view to starting production at certain fabless customers. Management confirms that the first integrated circuits made on 28nm FD-SOI wafers are currently going into production.

- › **Royalties** generated 1.6 million Euros in revenues in Q3'16 and 4.1 million Euros in the first nine months of FY'16, representing a 59% increase compared with the first nine months of FY'15.

Other activities (Lighting and Equipment) generated sales growth of 20% in Q3'16

The Lighting and Equipment businesses generated 1.9 million Euros of sales in Q3'16. That figure broke down into 0.3 million Euros in Lighting and 1.6 million Euros in Equipment (Altatech Semiconductor).

In the first nine months of FY'16, Lighting and Equipment revenues grew by 10% year-on-year to 3.9 million Euros.

In Q3'16, Soitec completed the disposal of its non-strategic Lighting R&D activities based in Phoenix, USA.

Sales in the Solar business, recognized under "discontinued operations" totaled almost 12 million Euros in Q3'16

Revenues in the Solar business are recognized separately under "discontinued operations" in line with Soitec's decision to refocus on its Electronics business. Solar revenues amounted to 11.9 million Euros in Q3'16 (versus 3.4 million Euros in Q3'15) and 21.8 million Euros in the first nine months of FY'16 (versus 38.6 million Euros in the year-earlier period). Management reiterates that it has ceased all manufacturing and R&D activities in San Diego (USA) and Freiburg (Germany) and is continuing to sell off the residual assets of its Solar activities.

Cash position in line with expectations

On December 31, 2015, Soitec's cash position was 51 million Euros as opposed to 71 million Euros on September 30, 2015.

This evolution was in line with management expectations, and was caused by:

- non-recurring expenses related to the discontinuation of the Solar business and the sale of R&D activities in the Lighting business;
- the increase in the working capital requirement in line with growth in the Electronics business;
- interest payments on Soitec's debt.

Debt amounted to 220 million Euros at December 31, 2015, almost unchanged compared with September 30, 2015.

Continuing talks with investors in order to strengthen the balance sheet

Given the size of its debt and its inadequate equity level, Soitec indicates that it is continuing talks with several investors with a view to their possible involvement in a recapitalization project.

Electronics sales guidance for Q4'16

For Q4'16, Electronics sales are expected to grow by over 10% versus Q3'16 (at constant exchange rates).

Paul Boudre, Soitec's CEO and Chairman of the Board, commented: *"The implementation of our strategy in the Electronics segment is continuing to pay off. In Q3'16, we achieved further sequential sales growth in Electronics, and wafer sales continued to be supported by strong demand for products in the mobile and automotive markets.*

Given our level of debt and our low equity level, we are in continuing talks with several investors to strengthen our balance sheet and to support our development."

Agenda

Q4'16 revenues will be published on April 18, 2016.

About Soitec

Soitec (Euronext, Paris) is a world leader in manufacturing innovative semiconductor materials. The company uses its unique technologies to serve the electronics and energy markets. With 3,600 patents worldwide, Soitec's strategy is based on disruptive innovation to respond to its customers' needs for high performance, energy efficiency and cost competitiveness. Soitec has manufacturing facilities, R&D centers and offices in Europe, US and Asia. For more information, please visit www.soitec.com.

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