



SOITEC REPORTS FY'18 THIRD QUARTER REVENUES

- Q3'18 revenues reached €76m, up 27% at constant exchange rates compared with Q3'17
- Further incremental growth recorded in Communication & Power 200-mm wafer sales compared with Q3'17
- 300-mm wafer sales almost doubled versus Q3'17 with a strong momentum across all product lines
- FY'18 guidance unchanged with revenue growth still expected at around 25% at constant exchange rates and FY'18 Electronics EBITDA¹ margin² still expected around 25%

Bernin (Grenoble), France, January 17th, 2018 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced consolidated revenues of 76.0 million Euros for the third quarter of FY'18 (ended December 31st 2017), up 20% compared with 63.1 million Euros in the third quarter of FY'17. This represents a 27% increase at constant exchange rates. On a sequential basis, third quarter FY'18 revenues were up 5% at constant exchange rates compared to the second quarter of FY'18.

For the first nine months of FY'18, revenues reached 218.9 million Euros. Compared with the first nine months of FY'17, they were up 25%, or +27% at constant exchange rates, in line with the sales growth of around 25% at constant exchange rates 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 continued to deliver strong revenue growth during the third quarter of the fiscal year. Growth mainly came from the sharp increase in our new innovative Digital 300-mm products, namely FD-SOI, Imager-SOI and Photonics SOI substrates, showing our ability to address new and growing market segments. This good performance also came from sustained demand in Communication and Power products, including a promising surge in 300-mm radiofrequency wafers.*

As we see significant growth ahead for the semiconductor industry to be driven by multiple applications across various industries, including the need for enhanced mobility, autonomous vehicles, artificial intelligence or augmented and virtual reality, Soitec is uniquely positioned to capture the different components of this growth. We are confident that the SOI footprint will increase in the four fast growing high-value end-markets that we are addressing, i.e. smartphones, automotive, cloud infrastructure and Internet of Things," added Paul Boudre.

Comments on third quarter FY'18 sales by business unit

Communication & Power

In the third quarter of FY'18, the demand for 200-mm wafers – radiofrequency (RF-SOI) and power electronics (Power-SOI) products – remained buoyant. In addition, the demand for RF 300-mm wafers which started to pick up in the first quarter of FY'18 has substantially raised again in the third quarter of FY'18, confirming its potential for further growth.

The RF-SOI product line is dedicated to the ever-growing needs of smartphones. It has become the solution of choice for switch and antenna tuners, as it helps coping with the rising number of frequency bands and higher data speed requirements of mobile communications.

The Power-SOI substrates are dedicated to the manufacture of power conversion circuits that 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 grown significantly in the third quarter of FY'18 compared to the third quarter of the previous year.

Sales of FD-SOI wafers (fully depleted silicon-on-insulator) have regularly grown quarter after quarter throughout the first nine months of FY'18. FD-SOI offers the best power, performance, area and cost (PPAC) optimization of advanced planar technologies. We expect FD-SOI to gradually become a standard technology in high-volume consumer, IoT and automotive applications.

After the strong surge in the level of sales of SOI substrates for emerging applications recorded in the first quarter of FY'18, sales of Imagers and Silicon Photonics remained at a high level in the second quarter and increased again in the third quarter of FY'18.

Sales of Imager-SOI substrates are driven by strong activity in the image sensor segment. In particular, Soitec's latest generation Imager-SOI product line is specifically designed for fabricating front-side imagers for near-infrared (NIR) applications including advanced 3D image sensors meeting the needs of customers in the growing market for 3D cameras used in augmented reality (AR) and virtual reality (VR), facial-recognition security systems, advanced human/machine interfaces and other emerging applications.

Sales of Photonics-SOI are supported by the demand for increasing data transmission speed in data centers for applications hosted in the Cloud.

In the third 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, remained more or less at the same level as the residual level that has been reached every quarter since the beginning of FY'17.

Third quarter FY'18 consolidated sales (unaudited)

	Q3'17	Q3'18	Q3'18/Q3'17	
(Euros thousands)			%	% at cst FX
200-mm	47,896	49,355	+3%	+9%
300-mm	13,366	24,938	+87%	+97%
Royalties and IP	1,806	1,677	-7%	-2%
Total revenues	63,068	75,969	+20%	+27%

Whereas 200-mm wafer sales enjoyed another solid performance in the third quarter of FY'18, the strong growth recorded in 300-mm wafer sales compared to the third quarter of FY'17 resulted in a further rebalancing of Soitec sales breakdown: indeed, 300-mm wafer sales raised from 21% of total sales in the third quarter of FY'17 to 33% of total sales in the third quarter of FY'18; consequently, the proportion of 200-mm wafer sales went down from 76% to 65% of total sales.

200-mm wafer sales

Sales of 200-mm wafers went up 9% at constant exchange rates in the third quarter of FY'18 compared with the third quarter of FY'17.

Demand for 200-mm wafers remained strong. Compared to the third quarter of FY'17, the increase in sales in the third quarter of FY'18 fully reflects higher volumes. As the Bernin I 200-mm production site is already operating at full capacity, the main contribution to the volume increase came 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 raised by 5% at constant exchange rates compared to the second quarter of FY'18.

300-mm wafer sales

Sales of 300-mm wafers in the third quarter of FY'18 were up 97% at constant exchange rates compared with the third 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 marginal increase in sales of PD-SOI product line.

On a sequential basis, 300-mm wafer sales of the third quarter of FY'18 were 6% higher at constant exchange rates than in the second quarter of FY'18. The capacity utilization rate of Bernin II 300-mm production site has further increased in the third quarter of FY'18 and is still expected to reach around 50% towards the end of FY'18 / early FY'19.

Royalties and intellectual property

Revenues from royalties and intellectual property (2% of total sales) reached 1.7 million Euros in the third quarter of FY'18, compared with 1.8 million Euros recorded in the third quarter of the previous fiscal year.

First nine months FY'18 consolidated sales (unaudited)

(Euros thousands)	9m'17	9m'18	9m'18/9m'17	
			%	% at cst FX
200-mm	135,280	143,277	+6%	+7%
300-mm	35,397	69,805	+97%	+100%
Royalties and IP	4,525	5,863	+30%	+31%
Total revenues	175,202	218,945	+25%	+27%

For the first nine months of FY'18, revenues reached 218.9 million Euros. Compared with the first nine months of FY'17, they were up 27% at constant exchange rates.

200-mm wafer sales were up 7% at constant exchange rates compared to the first nine months of FY'17 while 300-mm wafer sales were up 100% at constant exchange rates.

Capital Market Day

Soitec hosted on December 4th, 2017 its first Capital Market Day in Paris. During the presentations, the management team provided an updated vision of Soitec's market potential. The slide presentation related to the event is available on Soitec's website:

<https://www.soitec.com/en/investors/investors-material>

Outlook

Based on the solid performance achieved in the first nine months of FY'18, Soitec confirms expecting FY'18 sales to grow by around 25% at constant exchange rates and FY'18 Electronics EBITDA¹ margin² to be around 25%.

Disclaimer

This document was prepared by Soitec (the "Company") on January 17th, 2018 in connection with the announcement of the sales figures of the third 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

Fourth quarter sales of FY'18 are due to be published on April 18th, 2018, after market close. FY'18 results are due to be published on June 6th, 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 € 62,759,129.50, 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.

Appendix

Consolidated sales (Q3 FY'18 unaudited)

Quarterly sales (Euros thousands)	Q3		Q4		Q1		Q2		Q3	
	'16	'17	'16	'17	'17	'18	'17	'18	'17	'18
200-mm	44,219	47,896	42,463	47,215	42,677	46,534	44,706	47,389	47,896	49,355
300-mm	13,097	13,366	17,995	21,266	11,355	21,124	10,676	23,743	13,366	24,938
Royalties and IP	1,593	1,806	4,975	2,026	1,405	1,973	1,314	2,214	1,806	1,677
Total revenues	58,908	63,068	65,432	70,506	55,437	69,630	56,697	73,345	63,068	75,969

Quarterly sales (vs previous year)	Q3'17		Q4'17		Q1'18		Q2'18		Q3'18	
	change reported	change at cst FX								
200-mm	+8.3%	+6.6%	+11.2%	+7.3%	+9.0%	+5.6%	+6.0%	+7.1%	+3.0%	+8.8%
300-mm	+2.1%	+0.4%	+18.2%	+14.0%	+86.0%	+80.2%	+122.4%	+124.8%	+86.6%	+97.1%
Royalties and IP	+13.4%	+11.6%	-59.3%	-60.7%	+40.4%	+36.1%	+68.4%	+70.2%	-7.2%	-2.0%
Total revenues	+7.1%	+5.4%	+7.8%	+4.0%	+25.6%	+21.7%	+29.4%	+30.8%	+20.5%	+27.2%