



SOITEC REPORTS FY'18 FIRST QUARTER REVENUES

- Q1'18 revenues reached €69.6m, up 22% at constant exchange rates compared with Q1'17
- Sustained growth in Communication & Power 200-mm wafer sales compared with Q1'17
- Strong growth in 300-mm wafer sales versus Q'17 illustrating the early success of Soitec's new Digital (FD-SOI) and Emerging-SOI products
- FY'18 expectations unchanged: around 25% revenue growth at constant exchange rates and Electronics EBITDA¹ margin² at minimum 20%

Bernin (Grenoble), France, July 19th, 2017 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced consolidated revenues of 69.6 million Euros for the first quarter of FY'18 (ended June 30th 2017), up 26% compared with 55.4 million Euros in the first quarter of FY'17. This represents a 22% increase at constant exchange rates in line with the Group's expectations for the first quarter of FY'18 sales growth to be at least 20% at constant exchange rates compared to the first quarter of FY'17. On a sequential basis, first quarter FY'18 revenues were 1% higher at constant exchange rates than in the fourth quarter of FY'17.

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 and Chairman of the Board, commented: *"We started our fiscal year 2018 on the same positive note than we ended our fiscal year 2017. Compared to the first quarter of last year, our performance was driven by sustained demand in Communication & Power 200-mm wafer as well as the particularly high level of growth that we enjoyed in 300-mm wafer sales thanks to the early success of our new Digital and Emerging SOI products. The 22% revenue increase at constant exchange rates that we recorded in the first quarter was in line with our expectations and paves the way for higher and more profitable growth, as we expect in fiscal year 2018 around 25% revenue growth at constant exchange rates and Electronics EBITDA margin to reach a minimum of 20%."*

Comments on first quarter FY'18 sales by business unit

Communication & Power

In the first quarter of FY'18, demand for both radiofrequency (RF-SOI) and power electronics (Power-SOI) products continued to drive the sales of 200-mm wafers, whilst the sales of RF 300-mm wafers began to gain momentum.

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 intelligent power conversion circuits that are widely used in the automotive industry, but also, increasingly, in industrial and consumer applications (including household appliances).

Digital

In the digital business unit, revenues have sharply increased in the first quarter of FY'18 compared to the first quarter of the previous year despite the decline in sales related to PD-SOI 300-mm wafers (partially depleted silicon-on-insulator). This decline reflects the drop in demand for ASICs, servers and networking applications that already occurred in the course of the fiscal year 2017.

Sales of FD-SOI wafers (fully depleted silicon-on-insulator) for digital mobile and low power applications such as smartphones, automotive, consumer electronics and Internet-of-Things increased sharply from the first quarter of FY'17. They now include sales of wafers actually used in final products - not just wafers used for the qualification process between foundries and their fabless customers. During the first quarter of FY'18, more end-products based on the FD-SOI technology were already on the market, including connected watches, personal digital assistants and driver assistance systems.

In the meantime, Soitec enjoyed in the first quarter of FY'18 a high level of sales of SOI substrates for emerging applications, partly due to Silicon Photonics and even more so to Imagers. Indeed, Imager-SOI revenues recorded a strong growth in the first quarter of FY'18, driven in particular by the next generation of Image Sensors. Demand for Photonics-SOI is supported by the needs for optimizing data center transmission speed for applications hosted in the Cloud.

First quarter FY'18 consolidated sales (unaudited)

	Q1'17	Q1'18	Q1'18/Q1'17 (annual change)	
(Euros thousands)			%	% at cst FX
200-mm	42,677	46,534	+9%	+6%
300-mm	11,355	21,124	+86%	+80%
Royalties and IP	1,405	1,973	+40%	+36%
Total revenues	55,437	69,630	+26%	+22%

Whilst 200-mm wafer sales enjoyed another solid growth in the first quarter of FY'18, the high growth recorded in 300-mm wafer sales compared to the first quarter of FY'17 resulted in a more balanced breakdown of sales: indeed, 300-mm wafer sales raised from 20% of total sales in the first quarter of FY'17 to 30% of total sales in the first quarter of FY'18; consequently, 200-mm wafer sales went from 77% to 67% of total sales.

200-mm wafer sales

Sales of 200-mm wafers went up 6% at constant exchange rates in the first quarter of FY'18 compared with the first quarter of FY'17.

Demand for 200-mm wafers remained strong and the increase in sales mainly reflects higher volumes of RF-SOI wafers. The Bernin I 200-mm production site continued to operate at full capacity in the first quarter of FY'18. The volume increase essentially comes from the 200-mm wafers produced by Simgui's manufacturing facility in Shanghai, using Soitec's proprietary Smart Cut™ technology. Simgui's site is fully qualified by Soitec key customers and additional production by Simgui will marginally help Soitec managing its worldwide manufacturing capacity to better meet market demand for 200-mm SOI wafers.

On a sequential basis, sales of 200-mm wafers raised by 1% at constant exchange rates compared to the fourth quarter of FY'17 thanks in particular to the additional volumes outsourced to Soitec's partner Simgui.

300-mm wafer sales

Sales of 300-mm wafers in the first quarter of FY'18 were up 80% at constant exchange rates compared with the first quarter of FY'17. This is the result of combination of:

- the confirmed decline of the PD-SOI product line;
- a much higher level of sales of FD-SOI products;
- a sharp increase in Emerging SOI 300-mm products for new digital applications, in particular in Imager-SOI;
- higher sales in RF 300-mm wafers.

On a sequential basis, 300-mm wafer sales of the first quarter of FY'18 were 2% higher at constant exchange rates than in the fourth quarter of FY'17. After the strong rebound experienced at the Bernin II 300-mm production site in the third and fourth quarter of FY'17, volumes have only raised slightly. The capacity utilization rate reached around 30% in the first quarter of FY'18 and it is still expected to increase gradually throughout FY'18 and reach around 50% towards the end of FY'18 / early FY'19.

Royalties and intellectual property

Revenues from royalties and intellectual property (3% of total sales) reached 2.0 million Euros in the first quarter of FY'18, compared with 1.4 million Euros recorded in the first quarter of the previous fiscal year.

Key events since the beginning of FY'18

Capex plan

Since the beginning of FY'18, Soitec has been going ahead with the 40 million Euros investment at Bernin II aimed at progressively increasing FD-SOI production capacity from 100,000 to 400,000 FD-SOI wafers (300mm) per year whilst Bernin II full capacity will remain at 650,000 wafers per year. The project is progressing well. As a reminder, these capex will be spread between FY'18 and FY'19.

On June 14th, 2017 Soitec announced its intention to reopen its 300mm facility in Singapore in order to address long-term demand for FD-SOI wafers.

Early amortization of 2018 OCEANES

On July 7th, 2017 Soitec announced the early amortization, with an effective date on August 8, 2017, of all the outstanding 2018 OCEANES for which the shares allocation right has not been exercised. As of July 7th, 2017 the outstanding 2018 OCEANES were representing approximately 40.5% of the initially issued bonds. Would all the holders opt for shares

allocation, a maximum of 1,069,547 new shares would be issued, representing approximately 3.5% of the share capital, subject to adjustments of the conversion ratio. This transaction will enable Soitec to early reduce its debts by €41.8 million.

Outlook

Soitec confirms expecting FY'18 sales to grow by around 25% at constant exchange rates and FY'18 Electronics EBITDA¹ margin² to reach a minimum of 20%.

Disclaimer

This document was prepared by Soitec (the "Company") on July 17, 2017 in connection with the announcement of the sales figures of the first quarter of fiscal year 2017-2018.

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The Company's business operations and financial position is described in the Company's Document de Référence 2017-2018 registered by the Autorité des marchés financiers (the "AMF") (the "Document de Référence"). Copies of the French version of the Document de Référence are available through the Company and may also be consulted 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

Q2'18 sales figures are due to be published on October 18th, 2017, 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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Appendix

Quarterly sales (Euros thousands)	Q1		Q2		Q3		Q4		Q1	
	'16	'17	'16	'17	'16	'17	'16	'17	'17	'18
200-mm	40,798	42,677	43,030	44,706	44,219	47,896	42,463	47,215	42,677	46,534
300-mm	11,790	11,355	10,715	10,676	13,097	13,366	17,995	21,266	11,355	21,124
Royalties and IP	1,467	1,405	1,053	1,314	1,593	1,806	4,975	2,026	1,405	1,973
Total revenues	54,055	55,437	54,799	56,697	58,908	63,068	65,432	70,506	55,437	69,630

Quarterly sales (vs previous year)	Q1'17		Q2'17		Q3'17		Q4'17		Q1'18	
	change reported	change at cst FX	change reported	change at cst FX	change reported	change at cst FX	change reported	change at cst FX	change reported	change at cst FX
200-mm	+4.6%	+6.5%	+3.9%	+4.3%	+8.3%	+6.6%	+11.2%	+7.3%	+9.0%	+5.6%
300-mm	-3.7%	-1.9%	-0.4%	-0.0%	+2.1%	+0.4%	+18.2%	+14.0%	+86.0%	+80.2%
Royalties and IP	-4.2%	-2.5%	+24.8%	+25.2%	+13.4%	+11.6%	-59.3%	-60.7%	+40.4%	+36.1%
Total revenues	+2.6%	+4.4%	+3.5%	+3.8%	+7.1%	+5.4%	+7.8%	+4.0%	+25.6%	+21.7%